REFUNDING | **SERIAL BONDS**

MOODY'S: "Aaa, no outlook" | **See "RATING" herein**

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

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

$4,370,000

VILLAGE of LAKE SUCCESS

NASSAU COUNTY, NEW YORK

GENERAL OBLIGATIONS

$560,000 Public Improvement Refunding (Serial) Bonds, 2013 Series A (Federally Taxable)

(the "Series A Bonds")

CUSIP #: 510858

Dated: Date of Delivery | **Due: December 1, 2013-2020**

MATURITIES

Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP
2013	$ 5,000	1.000%	0.650%	KG7	2016	$ 75,000	2.000%	1.700%	KK8	2019	$ 80,000	3.000%	2.700%	KN2
2014	80,000	1.000	0.900	KH5	2017	80,000	2.000	2.020	KL6	2020	85,000	3.000	2.950	KP7
2015	75,000	1.000	1.050	KJ1	2018	80,000	2.250	2.270	KM4					

$3,810,000 Public Improvement Refunding (Serial) Bonds, 2013 Series B (Tax-Exempt)

(the "Series B Bonds")

CUSIP #: 510858

Dated: Date of Delivery | **Due: January 15, 2014, July 15, 2014-2024**

MATURITIES

Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP
2014	$ 10,000	2.000%	0.250%	KQ5	2017	$ 420,000	2.000%	1.100%	KU6	2021	$ 250,000	2.500%	2.300%	KY8
2014	220,000	2.000	0.300	KR3	2018	425,000	2.000	1.450	KV4	2022	255,000	2.750	2.550	KZ5
2015	400,000	2.000	0.500	KS1	2019	440,000	2.000	1.750	KW2	2023	260,000	3.000	2.700	LA9
2016	410,000	2.000	0.800	KT9	2020	450,000	2.250	2.000	KX0	2024	270,000	3.000	2.900	LB7

(The Series A Bonds and Series B Bonds are collectively referred to herein as the "Bonds")

The Bonds are general obligations of the Village of Lake Success (the "Village"), Nassau County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Series A Bonds will be payable on December 1, 2013 and semi-annually thereafter on June 1 and December 1 in each year until maturity. Interest on the Series B Bonds will be payable on January 15, 2014, July 15, 2014 and semi-annually thereafter on January 15 and July 15 in each year until maturity. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 8, 2013. For a description of the Village's agreement to provide continuing disclosure as described in the rule, see "DISCLOSURE UNDERTAKING," herein.

ROOSEVELT & CROSS INC.

July 18, 2013

VILLAGE OF LAKE SUCCESS

NASSAU COUNTY, NEW YORK

VILLAGE OFFICIALS

RONALD S. COOPER
Mayor

TRUSTEES

STEPHEN LAM
Deputy Mayor

PAUL B. GLANZ
FRED HANDSMAN
ADAM C. HOFFMAN
GENE KAPLAN
DAVID N. MILNER

PATRICK E. FARRELL
Village Administrator/Clerk

AKUA BEDIAKO
Treasurer

PETER R. MINEO, ESQ.
Village Attorney

FISCAL ADVISORS & MARKETING, INC.
Financial Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by the Village of Lake Success to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village of Lake Success.

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PREPARED WITH THE ASSISTANCE OF

FA FISCAL ADVISORS & MARKETING, INC.

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OFFICIAL STATEMENT

of the

VILLAGE of LAKE SUCCESS

NASSAU COUNTY, NEW YORK

Relating To

$560,000 Public Improvement Refunding (Serial) Bonds, 2013 Series A (Federally Taxable)
and
$3,810,000 Public Improvement Refunding (Serial) Bonds, 2013 Series B (Tax-Exempt)

This Official Statement, which includes the cover page and appendices attached hereto, has been prepared by the Village of Lake Success, Nassau County, New York (the "Village," "County," and "State," respectively), in connection with the sale by the Village of $560,000 principal amount of Public Improvement Refunding (Serial) Bonds, 2013 Series A (Federally Taxable) (the "Series A Bonds") and $3,810,000 principal amount of Public Improvement Refunding (Serial) Bonds, 2013 Series B (Tax-Exempt) (the "Series B Bonds") (The Series A Bonds and the Series B Bonds are collectively referred to herein as the "Bonds").

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

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

NATURE OF OBLIGATIONS

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

The Bonds are general obligations of the Village, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION 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 is specifically precluded from restricting the power of the Village to levy taxes on real estate for debt therefore contracted. However, in 2011, the State Legislature introduced a new tax levy limitation law in enacting Chapter 97 of the Laws of 2011 (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law imposes a statutory limitation on the Village's power to increase its annual tax levy in certain contexts. See "TAX LEVY LIMITATION LAW" herein.

DESCRIPTION OF THE BONDS

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

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Series A Bonds are not subject to redemption prior to maturity. The record date for the Series A Bonds will be the fifteenth business day of the month preceding each Series A Bond interest payment date. The Series B Bonds are not subject to redemption prior to maturity. The record date for the Series B Bonds will be the last day of the month preceding each Series B Bond interest payment date.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000, or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Interest on the Series A Bonds will be payable on December 1, 2013 and semi-annually thereafter on June 1 and December 1 in each year until maturity. Interest on the Series B Bonds will be payable on January 15, 2014 and semi-annually thereafter on July 15 and January 15 in each year until maturity. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

Optional Redemption

The Bonds shall not be subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds.

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

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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; 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 account of their holdings on behalf of their customers.

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

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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment, principal and interest to DTC is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Bonds

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-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation and surrender at the office of the fiscal agent bank or trust company to be named by the Village upon termination of the book-entry-only system. Interest on the Series A Bonds will be payable on December 1, 2013 and semi-annually thereafter on June 1 and December 1 in each year until maturity. Interest on the Series B Bonds will be payable on January 15, 2014, July 15, 2014, and semi-annually thereafter on January 15 and July 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth business day of the calendar month preceding such interest payment date for the Series A Bonds and the last day of the calendar month preceding each such interest payment date for the Series B Bonds. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the 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 Bond Determinations Certificate of the Village Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of the Series A Bonds between the fifteenth business day of the calendar month preceding an interest payment date and such interest payment date for the Series A Bonds and between the last day of the calendar month preceding an interest payment date and such interest payment date for the Series B Bonds.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Village Trustees on June 10, 2013 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto.

The Refunding Bond Resolution authorizes the refunding of all or a portion of $530,000 outstanding principal balance of the Public Improvement (Serial) Bonds, Series 2002B dated January 1, 2002 and originally issued by the Village in the aggregate principal amount of $1,000,000, all or a portion of $2,540,000 outstanding principal balance of the Public Improvement (Serial) Bonds, Series 2004, dated November 15, 2004 and originally issued by the Village in the aggregate principal amount of $3,884,300, and all or a portion of $1,165,000 outstanding principal balance of the Public Improvement (Serial) Bonds, Series 2005, dated December 15, 2005 and originally issued by the Village in the aggregate principal amount of $2,469,969 (collectively the “Refunded Bonds”) and authorizes the issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the Village Law, the Local Finance Law and various bond resolutions for the following purposes and amounts:

$1,000,000 Public Improvement (Serial) Bonds, 2002 Series B (Federally Taxable) – dated January 1, 2002

Purpose	Amount
Construction of new Village Hall/Community Facility	$ 1,000,000

$3,884,300 Public Improvement (Serial) Bonds, 2004 – dated November 15, 2004

Purpose	Amount
Various capital improvements	$ 3,884,300

$2,469,969 Public Improvement (Serial) Bonds, 2005 – dated December 15, 2005

Purpose	Amount
Construction of improvements to the Village’s sewer system and tax certiorari claims	$ 2,469,969

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Village's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the "Escrow Deposit Fund") with The Bank of New York Mellon (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the Village and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal redemption, premium, if any, and interest payments with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the "Payment Dates"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Village is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Village and will continue to be payable from Village sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal redemption premium, and interest on the Refunded Bonds, it is not anticipated that such Village sources of payment will be used.

The New York State Local Finance Law provides that upon placement in escrow of proceeds of the Refunding Bonds sufficient to provide for the payment of the principal redemption premium, and interest of the bonds to be refinanced by such refunding bonds the refunded bonds are no longer included in computing the Village's debt for constitutional and statutory debt limitation purposes.

The list of Refunded Bonds are set forth below:

CUSIP BASE #: 510858

$1,000,000 Public Improvement (Serial) Bonds, 2002 Series B (Federally Taxable) – dated January 1, 2002

Due December 1st	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIPS
2014	$ 65,000	6.500%	12/01/2013	100.000%	DW0
2015	65,000	6.500%	12/01/2013	100.000%	DX8
2016	70,000	6.500%	12/01/2013	100.000%	DY6
2017	75,000	6.500%	12/01/2013	100.000%	DZ3
2018	80,000	6.600%	12/01/2013	100.000%	EA7
2019	85,000	6.625%	12/01/2013	100.000%	EB5
2020	90,000	6.700%	12/01/2013	100.000%	EC3
	$ 530,000				

CUSIP BASE #: 510858

$3,884,300 Public Improvement (Serial) Bonds, 2004 – dated November 15, 2004

Due July 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIPS
2014	$ 185,000	3.750%	01/15/2014	101.000%	FL2
2015	195,000	3.750%	01/15/2014	101.000%	FM0
2016	200,000	3.750%	01/15/2014	101.000%	FN8
2017	210,000	3.750%	01/15/2014	101.000%	FP3
2018	220,000	3.750%	01/15/2014	101.000%	FQ1
2019	230,000	3.750%	01/15/2014	101.000%	FR9
2020	240,000	4.000%	01/15/2014	101.000%	FS7
2021	250,000	4.000%	01/15/2014	101.000%	FT5
2022	260,000	4.000%	01/15/2014	101.000%	FU2
2023	270,000	4.000%	01/15/2014	101.000%	FV0
2024	280,000	4.000%	01/15/2014	101.000%	FW8
	$ 2,540,000				

CUSIP BASE #: 510858

$2,469,969 Public Improvement (Serial) Bonds, 2005 – dated December 15, 2005

Due July 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIPS
2015	$ 175,000	3.750%	07/15/2014	100.000%	GK3
2016	185,000	3.875%	07/15/2014	100.000%	GL1
2018	190,000	3.875%	07/15/2014	100.000%	GM9
2018	195,000	3.875%	07/15/2014	100.000%	GN7
2019	205,000	4.000%	07/15/2014	100.000%	GP2
2020	215,000	4.000%	07/15/2014	100.000%	GQ0
	$ 1,165,000				

Verification of Mathematical Computations

Causey, Demgen & Moore Inc., a firm of independent public accountants, will deliver to the Village, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Village and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the principal redemption, premium, if any, and interest on the Refunded Bonds.

The verification performed by Causey, Demgen & Moore Inc. will be solely based upon data, information and documents provided to Causey, Demgen & Moore Inc. by the Village and its representatives. Causey, Demgen & Moore Inc. reports of its verification will state Causey, Demgen & Moore Inc. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds		$	4,370,000.00
	Original Issue Premium (Discount)			87,566.85
		Total	$	4,457,566.85
Uses:	Deposit to Escrow Fund		$	4,371,075.31
	Underwriter's Discount			22,592.90
	Costs of Issuance and Contingency			63,898.64
		Total	$	4,457,566.85

THE VILLAGE

General Information

The Village of Lake Success was incorporated in December, 1926. It is one of 32 incorporated villages in the Town of North Hempstead, which constitutes the northwestern quarter of Nassau County. The Village borders New York City and is only 16 miles from the heart of Manhattan. Due to the Village's close proximity, wage earners primarily commute to New York City for employment. In area it encompasses 1.8 square miles. Most of the area of Lake Success is developed with homes or golf courses, while the rest of the Village is commercial or industrial property. Banking facilities located in the Village include branch offices of Citibank and The First National Bank of Long Island.

Some of the benefits derived by residents living in the Village are zoning protection, a locally controlled police department, a village level court system, six-day a week garbage collection, a Village park system (including a golf course, 11 tennis courts, ball fields, playgrounds and swimming pools), snow removal, and year round street repair and drainage maintenance.

Rail transportation is provided by Long Island Railroad. Bus service is available to all points in the County and also into New York City. Major highways serving the Village include the Lakeville Road (N-S), the Long Island Expressway (E-W) and the Northern State Parkway (E-W). The area is also covered by an extensive network of County, Town and Village roads.

Population Trends

	Village of Lake Success	Nassau County	New York State
1970	3,254	1,428,838	18,236,882
1980	2,396	1,321,582	17,558,072
1990	2,484	1,287,444	17,990,455
2000	2,797	1,344,544	18,976,457
2010	2,934	1,339,532	19,378,102
2011	N/A	1,345,827	19,501,616
2012	N/A	1,349,233	19,570,261

Source: 1970-2012 United States Census.

Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from the 1990, 2000 and 2011 Census reports.

	Per Capita Income			Median Family Income		
	1990	2000	2011	1990	2000	2011
Village of:						
Lake Success	$ 50,949	$ 58,002	$ 83,028	$ 107,710	$ 145,562	$ 220,000
County of:						
Nassau	23,352	32,151	42,307	60,619	81,246	111,006
State of:						
New York	16,501	23,389	31,796	39,741	51,691	69,202

Note: 2012 data is not available at this time.

Source: U.S. Bureau of the Census, 2007-2011 American Community Survey 5-Year Estimates.

Form of Village Government

As prescribed by Village Law, the chief executive officer of the Village is the Mayor who is elected for a term of two years and is eligible to succeed himself. He is also a member of the Board of Trustees. In addition to the Mayor there are six Trustees who are elected for two-year terms. The terms are staggered so that every year, three Trustees run for election. The Mayor runs every second year. The Mayor and Trustees are elected at large.

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

Financial Organization

The Village Treasurer is the Chief Fiscal Officer, the accounting officer, Village Auditor and the budget officer.

Budgetary Procedures

The budget officer prepares the proposed budget each year, pursuant to the Laws of the State of New York, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum; however the levy for each adopted budget is subject to the provisions of the Tax Levy Limit Law. See "Tax Levy Limit Law" herein.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is permitted to invest only in the following investments: (1) special time 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, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Village; (6) obligations of a New York public 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, 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, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (C.L.A.S.S.). C.L.A.S.S. is a cooperative investment plan consisting of U.S. Treasury Obligations, other U.S. agencies, CD's and repurchase agreements relating to treasury obligations.

It is the Village's policy to require collateral for demand deposits and certificates of deposit for all deposits not covered by the 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.

State Aid

The Village receives minimal financial assistance from the State. In its General Fund adopted budget for the 2013-14 fiscal year, approximately 0.90% of the revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State revenues in order to pay State aid to municipalities and Villages in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State revenues have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and Villages in the State, including the Village, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. (See also "MARKET AND RISK FACTORS")

Employees

The Village provides services through approximately 74 full-time and part-time employees and 53 seasonal employees. The bargaining units, approximate number of members and contract expiration dates are as follows:

Bargaining Unit	Number of Members	Contract Expiration Date
PBA	22	May 31, 2018
CSEA	22	May 31, 2014
Non-Union Employees	30	N/A

Source: Village Officials.

Pension Payments

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System is cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Other than members in Tier V and Tier VI, who must continue to contribute 3% of their salary so long as they accumulate additional pension system credits, all members hired on or after July 1, 1976 through December 31, 2009, with less than 10 years of service, must contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation impacting employees hired from January 1, 2010 through April 15, 2012, inclusive. According to a State Division of the budget analysis, said legislation is expected to provide more than $35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level, the key components of Tier V include:

- Raising the minimum age at which most employees can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any employee who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for employees at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The Village's payments to ERS and PFRS since the 2005 year have been as follows:

Year	ERS & PFRS
2005	$ 733,139
2006	467,658
2007	810,941
2008	463,048
2009	639,212
2010	581,858
2011	852,100
2012	976,921
2013 (Actual)	1,223,821
2014 (Budgeted)	1,507,950

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. The Village does not have paid firefighters.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount.

On September 10, 2010, Comptroller Thomas P. DiNapoli announced increases over the previous year in the 2011-2012 employer contribution rates for the New York State Common Retirement Fund. The average contribution rate for ERS increased from 11.9% of salaries to 16.3% of salaries. The average PFRS rate increased from 18.2% of salaries in fiscal year 2011 to 21.6% of salaries in fiscal year 2912. On August 24, 2011, the Comptroller announced that for fiscal year 2012-13, the average contribution rate for the ERS will increase from 16.3% of salaries to 18.9% of salaries. For 2012-2013 PFRS rates will increase 4.2% to 25.8%. For 2013-14, the average contribution rate for the ERS will increase from 18.9% of salaries to 20.9% of salaries. The average contribution rate for PFRS will increase from 25.8% of salaries to 28.9% of salaries.

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

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

While the Village is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Other Post-Employment Benefits

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

School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

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

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

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

As of May 31, 2012 the actuarial present value of the total projected benefits for the Village's 55 active employees and 46 retirees was $20,939,157. The actuarial accrued liability (AAL), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is $13,317,875. The actuarial value of the plan's assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $13,317,875. The Village's annual OPEB cost was $1,395,634 and the annual required contribution (ARC) is $1,428,323. The Village is on a pay-as-you-go funding basis and paid $412,353 to the plan for the fiscal year ending May 31, 2012 resulting in a year-end Net OPEB obligation of $2,829,585. Additional information is available by contacting the Village.

There is presently no statutory authority in New York State to establish a trust account or reserve fund for this purpose.

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

Village employees pay 15% of contribution to health insurance. The PBA employees do not contribute to health insurance.

Unemployment Rate Statistics

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

Annual Average

	2005	2006	2007	2008	2009	2010	2011	2012
Nassau County	4.1%	3.8%	3.7%	4.7%	7.0%	7.1%	6.8%	7.1%
New York State	5.0%	4.6%	4.6%	5.4%	8.4%	8.6%	8.3%	8.5%

2013 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Nassau County	7.6%	7.2%	6.4%	5.8%	6.0%	N/A	N/A	N/A
New York State	9.3%	8.8%	8.0%	7.3%	7.4%	N/A	N/A	N/A

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

Other Information

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

The procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance has been complied with.

No principal or interest upon any obligation of this Village is past due.

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

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

Financial Statements

The Village retains the firm Cullen & Danowski, LLP certified public accountants to audit its financial affairs. The 2012 audited report is attached hereto as Appendix C. The financial affairs of the Village are also subject to periodic audit by the State Comptroller.

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

Beginning with the fiscal year ending May 31, 2005 the Village is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Village is in compliance with Statement No. 34.

TAX INFORMATION

Valuations

Years Ending May 31:	2010	2011	2012	2013	2014
Assessed Valuation	$ 1,451,762,286	$ 1,314,290,790	$ 1,324,754,352	$ 1,295,801,306	$ 1,290,979,280
State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	$ 1,451,762,286	$ 1,314,290,790	$ 1,324,754,352	$ 1,295,801,306	$ 1,290,979,280

Note: The Village has experienced a decline in assessed and full value over the recent years due the housing market downturn as a result of the economic decline in 2008.

Tax Rate Per $1,000 (Assessed)

Years Ending May 31:	2010	2011	2012	2013	2014
Homestead	$ 3.74	$ 4.26	$ 4.64	$ 5.04	$ 5.20
Non-Homestead	11.05	12.39	13.34	13.55	14.23

Uncollected Taxes

Years Ending May 31:	2010	2011	2012	2013	2014
Total Tax Levy	$ 8,479,720	$ 8,636,596	$ 9,378,307	$ 9,737,099	$ 10,025,238
Uncollected End of Year (1)	0	0	88,495 (2)	0	N/A
% Uncollected End of Year	0%	0%	0.94%	0%	N/A

(1) See 'Tax Collection Procedure' herein.

(2) For the 2012 tax year a group of parcels which has always been tax exempt, were moved from wholly exempt to taxable based on the neglect of the owners to file exemption paperwork The group had been unresponsive to all communication attempts to remedy the situation. This resulted in tax bills totaling $88,494.98 being issued which were later vacated by the courts and therefore not collected.

Source: Village records.

Tax Collection Procedure

Tax payments are due on June 1st each year and are payable without penalty during the month of June. Penalties for tax delinquencies are imposed at the rate of 5% for the first month and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter. In April of each year tax liens are sold by the Village at auction pursuant to proceedings set forth in the Real Property Tax Law. The Village sells tax liens for any uncollected taxes and since the Village only sells the liens for 100% of the value of the uncollected taxes, the Village is assured of full collections.

Constitutional Tax Margin

For the fiscal years ending May 31, 2012, through 2014 the constitutional tax margin has been computed as follows:

	2012	2013	2014
Five-Year Average Full Valuation	$ 1,496,824,130	$ 1,382,751,473	$ 1,335,900,532
Tax Limit - 2% thereof	29,936,483	27,655,029	26,718,011
Add: Exclusions	2,447,804	2,349,543	2,251,559
Total Taxing Power	$ 32,384,287	$ 30,004,572	$ 28,969,570
Tax Levy Subject to Limit	9,378,307	9,737,099	10,025,238
Constitutional Tax Margin	$ 23,005,980	$ 20,267,473	$ 18,944,332

Larger Taxpayers 2013-2014 Assessment Roll

Name	Type	Assessed Value
We're Associates	Office Building	$ 81,400,000 (1)
1111 Marcus Ave (former i. park)	Real Estate	52,972,402
We're Developing Corp.	Real Estate	51,700,000
Astoria Federal Bank	Financial	19,707,057 (3)
M. Parisi & Sons	Office Building	17,841,073 (3)
LI Jewish Medical Center	Medical Building	16,710,685
Marcus Park, LLC (formerly Astoria Federal)	Commercial	16,650,000 (2)
600 Company	Medical Building	16,105,500 (3)
Eli Goldberg	Real Estate	12,226,500 (3)
PDQ Coolidge. LLC	Office Building	10,625,203
Fresh Meadows Country Club	Country Club	10,277,874 (2)
	Total	$306,216,294

(1) We're Associates settled a tax certiorari claim in October of 2009 and was awarded a refund of $1,328,848.

(2) Astoria Federal settled its claim in April, 2010 with a refund of $48,494. As noted herein, Astoria Federal Bank has also filed a new claim for the 2013/2014 year.

(3) Indicates taxpayers with pending tax certiorari claims.

Note 1: Marcus Partner's previously appeared on the list of largest taxpayers, with a prior assessment of $247,100; however Marcus Partner's sold all but one of its parcels located in the Village and, the total assessed value of the new owner is not large enough to be included in the list above.

Note 2: 175 Community Drive which had a prior assessment of $190,700, is now a medical facility and has been removed from the tax roll.

Note 3: The parcels owned by Long Island Jewish Medical Center have also been removed from the tax roll. The Medical Center's prior assessment was $10,472,717.

The taxpayers listed above have a total assessed valuation of $306,216,294 which represents 22.96% of the Village's total assessed value for the 2013-2014 assessment year. Petitions have been filed in court by Fresh Meadows CC, Astoria Federal Bank, M. Parisi & Sons, Marcus Park, 600 Company, for the 2013/2014 tax year challenging their assessments.

The Village annually budgets approximately $100,000 in order to settle smaller tax certiorari claims. For larger claims the Village's policy is to finance such claims with bond anticipation notes which are paid off over a five year period. In some instances, the Village will convert a tax certiorari borrowing to bond. The Village underwent a real property revaluation in 2008 which has significantly reduced the number of claims and the amount being claimed each year. In addition, annually, the Village undergoes a revaluation. This process has served to decrease the number of claims and allowed the Village to budget more effectively in this area.

Additional Information

Real property in the Village is assessed by the Village.

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

The assessment roll of the Village is constituted approximately as follows: Commercial and Industrial-30% and Residential-70%.

The estimated Village property tax for an average Non-Homestead parcel is $89,963 per year. Average for Homestead in 2013 is $5,700. Range is between $2,050 and $24,600.

TAX LEVY LIMITATION LAW

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments are required for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A village may exceed the tax levy limitation for the coming fiscal year only if the governing body of such village first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law, to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality, prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

The Village plans to stay within the tax levy limit in the current and future fiscal years.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligation and an action contesting such validity is commenced within twenty days after the date of such publication, or

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

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

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

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

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

In general, the Local Finance Law contains provisions providing the Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein). Although permitted by the Local Finance Law, the Village has not generally issued short-term cash flow obligations.

Debt Outstanding End of Fiscal Year

Years Ending May 31:	2009	2010	2011	2012	2013
Bonds	$ 20,220,000	$ 18,695,000	$ 17,085,000	$ 15,650,000	$ 16,005,058
Bond Anticipation Notes	2,114,898	2,961,424	3,101,449	2,965,344	467,849
Other Debt	0	0	0	0	0
Totals	$ 22,334,898	$ 21,656,424	$ 20,186,449	$ 18,615,344	$ 16,472,907

Source: Village Audits and records.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of July 3, 2013.

	Maturity	Amount Outstanding
Bonds	2013-2025	$ 16,005,058
Bond Anticipation Notes		
2007 DPW Truck	2013	11,750
2008 Tax Certiorari	2013	21,400
2008 Manhole Remediation	2013	100,000
2008 Golf Equipment	2013	15,000
2008 Golf Improvement	2013	35,000
2009 Golf Irrigation	2013	32,400
2009 Golf 8th Tee	2013	22,000
2009 Tennis Clay Courts	2013	30,000
2010 Tax Certiorari	2013	16,165
2010 Golf 12th Tee	2013	40,800
2010 Police Vehicles Multiple 2	2013	26,667
2011 Road Requirements	2013	60,000
2011 Police Vehicles	2013	26,667
2011 Golf Fairway Mowers	2013	30,000
	Total Bond Anticipation Notes Outstanding	$ 467,849
	Total Debt Outstanding	$ 16,472,907

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 3, 2013:

Five-Year Average Full Valuation			$ 1,335,900,532
Debt Limit - 7% thereof			93,513,037
Inclusions:			
Bonds	$ 16,005,058		
Bond Anticipation Notes	467,849		
Total Inclusions		$ 16,472,907	
Exclusions:			
Appropriations	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 16,472,907
Net Debt-Contracting Margin			$ 77,040,130
The percent of debt contracting power exhausted is			17.62%

Note: $4,370,000 of the Bonds listed above are to be refunded with the proceeds of the Bonds.

Bonded Debt Service

A schedule of Bonded Debt Service, including principal on the Bonds, may be found in the Appendices to this Official Statement.

Estimate of Obligations to be Issued

Currently, the village has one unfunded bond resolution for $2,000,000 for an expansion to the community building. At this time, there are no immediate plans to issue obligations pursuant to this authorization, as funding for the project is expected to be fully funded from donated funds.

Overlapping Indebtedness

In addition to the Village, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Village. The estimated outstanding indebtedness of such political subdivisions is as follows:

Unit	Outstanding Indebtedness [1]	Exclusions [2]	Net Indebtedness	Approximate % Within Village	Applicable Net Indebtedness
County of:					
Nassau	$ 3,980,359,824	$ 460,761,000	$ 3,519,598,824	0.59%	$ 20,765,633
Town of:					
North Hempstead	355,651,086	44,428,871	311,222,215	2.38%	7,407,089
School District of:					
Great Neck UFSD	24,100,074	0	24,100,074	8.71%	2,099,116
				Total	$ 30,271,838

[1] Bonds and bond anticipation notes as of the close of the 2011 completed fiscal year, adjusted to include subsequent public debt offerings.

[2] Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

Source: State Comptrollers Report 2011.

Debt Ratios

The following table sets forth certain ratios relating to the Village's indebtedness, without giving effect to this financing, as of July 3, 2013:

	Amount of Indebtedness	Per Capita [a]	Percentage of Full Valuation [b]
Net Direct Indebtedness [c]	$16,472,907	$ 5,614.49	1.28%
Net Direct Plus Net Overlapping Indebtedness [d]	46,744,745	15,932.09	3.62%

Note: (a) The Village's 2010 estimated population is 2,934. (See "Population Trends" herein.)
(b) The Village's full valuation of taxable real estate for 2014 is $1,290,979,280. (See "Valuations" herein.)
(c) See "Calculation of Net Direct Indebtedness" herein.
(d) The Village's estimated applicable share of net underlying indebtedness is $30,271,838. (See "Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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

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

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

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

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide, or cause to be provided,

(i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during any succeeding fiscal year in which the Bonds are outstanding certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) "The Village", "Tax Information", "Status of Indebtedness" and "Litigation" and all Appendices and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Village of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

(g) modifications to rights of Bondholders, if material

(h) bond calls, if material and tender offers

(i) defeasances

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

(k) rating changes

(l) tender offers

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

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

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

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

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

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

(iii) in a timely manner, to the MSRB or any other facility designated or authorized by the commissioner to receive Reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Annual Information and the Material Event Notices, if any, will be filed with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures.

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

The Village reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Village; provided that the Village agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the Underwriter at closing.

The Village is in compliance with all prior undertakings pursuant to the Rule for the past five years.

MARKET AND RISK FACTORS

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

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

TAX MATTERS

General

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

Series B Bonds

Series B Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of the tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as Series B Bonds. The Village has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series B Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to the Bond Counsel's attention after the date of issuance of the Series B Bonds may adversely affect the value of, or the tax status of interest on, the Series B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series B Bonds. Prospective purchasers of the Series B Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series B Bond for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Village, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Village has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series B Bonds ends with the issuance of the Series B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Village of the Beneficial Owners regarding the tax-exempt status of the Series B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Village and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Village legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series B Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series B Bonds, and may cause the Village or the Beneficial Owners to incur significant expense.

Series A Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series A Bonds that acquire their Series A Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series A Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their Series A Bonds pursuant to this offering for the issue price that is applicable to such Series A Bonds (i.e., the price at which a substantial amount of Series A Bonds are sold to the public) and who will hold their Series A Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Series A Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless or its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust.) As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series A Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series A Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series A Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Interest on the Series A Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. Federal income tax purposes.

The Series A Bonds are not expected to be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes because the stated redemption price at maturity of the Series A Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Disposition of the Bonds. Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Village) or other disposition of a Series A Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series A Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series A Bond) and (ii) the U.S. Holder's adjusted tax basis in the Series A Bond (generally, amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series A Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series A Bond exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the Series A Bonds generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series A Bonds may be subject to backup withholding at a current rate of 28% (subject to future adjustment) with respect to "reportable payments," which include interest paid on the Series A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(l)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," payments of principal of, and interest on, any Series A Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Village through stock ownership and (2) a bank which acquires such Series A Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, which will not be subject to any U.S. withholding tax provided that the beneficial owner of the Series A Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Village) or other disposition of Series A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Village) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individuals death, payments of interest with respect to such Series A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information and reporting and "backup withholding" requirements apply to certain payments of principal of, and interest on, the Series A Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the Village) or other disposition of a Series A Bond, to certain non-corporate holders of Series A Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any Series A Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Series A Bond or the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the Series A Bonds that are not United States persons and copies of such owners' certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign "broker," as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a Bond to the seller of the Series A Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in the U.S. Treasury Regulations Section 1.1441-(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of the other brokers of the proceeds of this sale of a Series A Bond will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agents, or the payment by the U.S. office of a broker of the proceeds of a sale of a Series A Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Circular 230

Under 31 C.F. R. part 10, the regulations governing practice before the IRS (Circular 230), the Village and its tax advisors are (or may be) required to inform prospective investors that:

i. any advice contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

ii. any such advice is written to support the promotion or marketing of the Series A Bonds and the transactions described herein; and

iii. each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

LITIGATION

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

The Village is subject to a number to of tax certiorari claims on an annual basis. Many of these claims are budgeted by the Village to account for a negative outcome. However, from time to time, the Village has found it necessary to borrow to pay the judgments. See also "Larger Taxpayers 2013-2014 Assessment Roll" herein.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds substantially in the form set forth in APPENDIX - D hereto. Certain legal matters will be passed on for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, New York, New York.

BOND RATING

Moody's Investor Services ("Moody's") has assigned a rating of "Aaa, no outlook" to the Bonds. Such rating reflects only the view of such rating agency, and any desired explanation of the significance of such rating should be obtained from Moody's Investor Services, 7 World Trade Center at 250 Greenwich Street, Public Finance Group - 23rd Floor, New York, NY 10007, Phone (212) 553-0377. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Financial Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor serves as independent financial advisor to the Village on matters relating to debt management. The Financial 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 Financial 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 Financial 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 Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Inc. (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to $4,434,973.95 (being the par amount of the Bonds plus a net original issue premium of $87,566.85, less an underwriter's discount for the transaction of $22,592.90). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

MISCELLANEOUS

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

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

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the Village, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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

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

The Village will act as Paying Agent for the Bonds. The Village contact information is as follows: Ms. Akua Bediako, Village Treasurer, 318 Lakeville Road, Great Neck, New York 11020, Phone: (516) 482-4411, Fax: (516) 482-1536, Email: vlstreas@optonline.net

This Official Statement has been d uly executed and delivered by the Village Treasurer of the Village of Lake Success.

VILLAGE OF LAKE SUCCESS

Dated: July 18, 2013

AKUA BEDIAKO
Village Treasurer

Balance Sheets

Fiscal Years Ending May 31:	2009	2010	2011	2012
ASSETS				
Cash	$ 4,245,361	$ 3,979,201	$ 3,615,020	$ 3,339,582
Taxes Receivable	58,510	554	4,476	961
Tax Sale Certificates	186	186	186	187
Due from Other Funds	16,733	650,549	730,035	582,951
Due from Other Governments	34,094	85,250	51,051	50,759
Due from State & Federal Sources	-	-	24,937	59,925
Accounts Receivable	237,467	134,954	156,321	164,611
Deferred Expenditures	-	25,007	5,583	6,186
TOTAL ASSETS	$ 4,592,351	$ 4,875,701	$ 4,587,609	$ 4,205,162
LIABILITIES AND FUND EQUITY				
Accounts Payable	$ 134,658	$ 137,464	$ 200,001	$ 121,029
Deferred Revenues	36,540	36,010	185,095	61,565
Accrued Liabilities	56,025	32,047	17,669	16,908
Due to Other Funds	104,196	132,330	161,858	333,397
Due to Retirement Systems	96,533	122,917	149,312	199,129
Due to Other Governments	-	-	-	-
Bond Anticipation Notes Payable	62,280	-	664,224	-
Overpayments	13,234	-	-	4,732
Compensated Absences	5,018	177,645	-	-
TOTAL LIABILITIES	$ 508,484	$ 638,413	$ 1,378,159	$ 736,760
FUND EQUITY				
Reserved	$ 24,884	$ 617,109	$ 629,617	$ 607,273
Unreserved:				
Appropriated	2,000,000	2,000,000	2,000,000	1,090,760
Unappropriated	2,058,983	1,620,179	579,833	1,770,369
TOTAL FUND EQUITY	$ 4,083,867	$ 4,237,288	$ 3,209,450	$ 3,468,402
TOTAL LIABILITIES and FUND EQUITY	$ 4,592,351	$ 4,875,701	$ 4,587,609	$ 4,205,162

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	2007	2008	2009	2010	2011
REVENUES					
Real Property Taxes	$ 7,666,075	$ 8,322,486	$ 8,433,766	$ 8,481,881	$ 8,643,744
Real Property Tax Items	168,884	180,287	360,585	414,023	397,659
Non-Property Tax Items	231,716	246,931	254,803	220,119	231,607
Departmental Income	523,848	507,171	585,666	543,761	570,246
Intergovernmental Charges	-	-		-	
Use of Money & Property	470,050	390,424	164,579	92,969	60,360
Licenses and Permits	20,055	16,542	25,310	25,838	17,050
Fines and Forfeitures	135,948	171,858	242,222	231,628	230,190
Sale of Property and Compensation for Loss	34,930	37,882	52,288	63,888	84,180
Miscellaneous	28,029	35,538	19,649	32,586	6,188
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	375,418	354,344	272,509	225,849	236,959
Revenues from Federal Sources	-	-	-	-	21,375
Total Revenues	$ 9,654,953	$ 10,263,463	$ 10,411,377	$ 10,332,542	$ 10,499,558
EXPENDITURES					
General Government Support	$ 1,937,547	$ 2,220,080	$ 1,948,506	$ 2,557,969	$ 2,570,364
Public Safety	2,847,812	3,014,961	3,386,057	3,478,189	3,612,581
Public Health	-	-	-	-	-
Transportation	606,297	716,972	709,920	694,875	676,674
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	257,145	375,029	351,957	388,686	361,416
Home and Community Services	285,262	286,186	326,184	340,342	275,170
Employee Benefits	1,838,013	1,665,842	1,815,112	1,771,948	2,088,828
Debt Service	1,913,172	1,938,707	2,167,091	2,508,293	2,436,288
Total Expenditures	$ 9,685,248	$ 10,217,777	$ 10,704,827	$ 11,740,302	$ 12,021,321
Excess of Revenues Over (Under) Expenditures	($ 30,295)	$ 45,686	$ (293,450)	($ 1,407,760)	($ 1,521,763)
Other Financing Sources (Uses):					
Proceeds of Obligations	423,500	346,500	107,000	1,004,224	388,494
Operating Transfers In	100,000	100,000	282,083	556,957	105,431
Operating Transfers Out	-	-	-	-	-
Total Other Financing	$ 523,500	$ 446,500	$ 389,083	$ 1,561,181	$ 493,925
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	493,205	492,186	95,633	153,421	(1,027,838)
FUND BALANCE					
Fund Balance - Beginning of Year	3,103,879	3,597,084	4,089,270	4,083,867	4,237,288
Prior Period Adjustments (net)	-	-	(101,036) (1)	-	-
Fund Balance - End of Year	$ 3,597,084	$ 4,089,270	$ 4,083,867	$ 4,237,288	$ 3,209,450

(1) The 2008 general fund unreserved - undesignated fund balance was restated to reflect an adjustment in the prior period retirement system contribution expenditure in the amount of $101,036.

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending May 31:	2012 Adopted Budget	2012 Modified Budget	2012 Actual	2013 Adopted Budget	2014 Adopted Budget
REVENUES					
Real Property Taxes	$ 9,378,307	$ 9,378,307	$ 9,381,538	$ 9,737,099	$ 10,025,238
Real Property Tax Items	340,000	340,000	428,052	425,000	540,000
Non-Property Tax Items	130,000	130,000	198,741	130,050	135,050
Departmental Income	307,346	307,346	568,133	322,800	416,950
Intergovernmental Charges	-	-	-	-	-
Use of Money & Property	36,000	36,000	43,456	1,116,760	1,396,567
Licenses and Permits	6,100	6,100	30,530	7,000	7,000
Fines and Forfeitures	75,050	75,050	264,795	100,000	100,000
Sale of Property and Compensation for Loss	500	500	138,317	-	-
Miscellaneous	100	100	1,342	-	-
Interfund Revenues	-	-	-	100,000	100,000
Revenues from State Sources	95,000	95,000	291,456	135,000	115,000
Revenues from Federal Sources	-	-	461,891	-	-
Total Revenues	$ 10,368,403	$ 10,368,403	$ 11,808,251	$ 12,073,709	$ 12,835,805
EXPENDITURES					
General Government Support	$ 1,890,354	$ 1,968,065	$ 1,989,095	$ 1,939,978	$ 1,938,846
Public Safety	4,041,328	4,131,487	4,117,975	4,224,592	4,371,484
Public Health	-	-	-	-	-
Transportation	788,943	756,408	770,617	825,117	853,274
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	369,100	391,729	340,921	407,900	401,100
Home and Community Services	309,000	309,000	294,758	309,000	339,000
Employee Benefits	2,621,874	2,497,940	2,367,246	2,600,168	2,680,542
Debt Service	2,447,804	2,447,804	2,399,700	2,349,541	2,251,559
Total Expenditures	$ 12,468,403	$ 12,502,433	$ 12,280,312	$ 12,656,296	$ 12,835,805
Excess of Revenues Over (Under) Expenditures	$ (2,100,000)	$ (2,134,030)	$ (472,061)	$ (582,587)	$ -
Other Financing Sources (Uses):					
Proceeds of Obligations	-	-	631,013	-	-
Operating Transfers In	100,000	100,000	100,000	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing	$ 100,000	$ 100,000	$ 731,013	$ -	$ -
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,000,000)	(2,034,030)	258,952	(582,587)	-
FUND BALANCE					
Fund Balance - Beginning of Year	2,000,000	2,034,030	3,209,450	582,587	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,468,402	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	PRIOR TO REFUNDING BONDS Principal	Interest	Total	Less: Refunded Bonds Debt Service	REFUNDING BONDS Principal	Interest	Total	Total New Debt Service
2014	$ 1,595,058	$ 554,639.05	$ 2,149,697.05	$ 89,383.13	$ 15,000	$ 41,006.91	$ 56,006.91	$ 2,116,320.83
2015	1,675,000	512,286.27	2,187,286.27	425,297.51	300,000	94,787.50	394,787.50	2,156,776.26
2016	1,730,000	453,786.27	2,183,786.27	595,666.26	475,000	87,787.50	562,787.50	2,150,907.51
2017	1,790,000	390,964.39	2,180,964.39	597,169.39	485,000	78,937.50	563,937.50	2,147,732.50
2018	1,800,000	325,317.51	2,125,317.51	597,666.27	500,000	69,137.50	569,137.50	2,096,788.74
2019	1,690,000	257,145.63	1,947,145.63	597,269.39	505,000	59,087.50	564,087.50	1,913,963.74
2020	1,745,000	193,000.00	1,938,000.00	600,673.76	520,000	48,637.50	568,637.50	1,905,963.74
2021	1,810,000	125,458.75	1,935,458.75	602,530.00	535,000	36,775.00	571,775.00	1,904,703.75
2022	620,000	65,762.50	685,762.50	287,400.00	250,000	26,037.50	276,037.50	674,400.00
2023	515,000	44,500.00	559,500.00	287,200.00	255,000	19,406.25	274,406.25	546,706.25
2024	400,000	26,937.50	426,937.50	286,600.00	260,000	12,000.00	272,000.00	412,337.50
2025	385,000	13,337.50	398,337.50	285,600.00	270,000	4,050.00	274,050.00	386,787.50
2026	80,000	5,637.50	85,637.50	-	-	-	-	85,637.50
2027	85,000	4,037.50	89,037.50	-	-	-	-	89,037.50
2028	85,000	2,125.00	87,125.00	-	-	-	-	87,125.00
TOTALS	$ 16,005,058	$ 2,974,935.37	$ 18,979,993.37	$ 5,252,455.71	$ 4,370,000.00	$ 577,650.66	$4,947,650.66	$ 18,675,188.32

APPENDIX - B1
Village of Lake Success

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2002 Community Building			2004 Public Improvement		
	Principal	Interest	Total	Principal	Interest	Total
201	$ 60,000	$ 38,716.25	$ 98,716.25	$ 180,000	$ 101,875.00	$ 281,875.00
202	65,000	34,816.25	99,816.25	185,000	95,031.25	280,031.25
203	65,000	30,591.25	95,591.25	195,000	87,906.25	282,906.25
204	70,000	26,366.25	96,366.25	200,000	80,500.00	280,500.00
205	75,000	21,816.25	96,816.25	210,000	72,812.50	282,812.50
206	80,000	16,941.25	96,941.25	220,000	64,750.00	284,750.00
207	85,000	11,661.25	96,661.25	230,000	56,312.50	286,312.50
208	90,000	6,030.00	96,030.00	240,000	47,200.00	287,200.00
2022	-	-	-	250,000	37,400.00	287,400.00
2023	-	-	-	260,000	27,200.00	287,200.00
2024	-	-	-	270,000	16,600.00	286,600.00
2025	-	-	-	280,000	5,600.00	285,600.00
TOTALS	$ 590,000	$ 186,938.75	$ 776,938.75	$ 2,720,000	$ 693,187.50	$ 3,413,187.50

Fiscal Year Ending May 31st	2005 Public Improvement			2007 Pool Reconstruction		
	Principal	Interest	Total	Principal	Interest	Total
2014	$ 160,000	$ 54,825.02	$ 214,825.02	$ 260,000	$ 85,605.00	$ 345,605.00
2015	170,000	48,637.52	218,637.52	270,000	75,732.50	345,732.50
2016	175,000	42,168.77	217,168.77	285,000	65,326.25	350,326.25
2017	185,000	35,303.14	220,303.14	295,000	54,451.25	349,451.25
2018	190,000	28,037.51	218,037.51	310,000	43,107.50	353,107.50
2019	195,000	20,578.13	215,578.13	320,000	31,295.00	351,295.00
2020	205,000	12,700.00	217,700.00	330,000	19,107.50	349,107.50
2021	215,000	4,300.00	219,300.00	340,000	6,460.00	346,460.00
TOTALS	$ 1,495,000	$ 246,550.09	$ 1,741,550.09	$ 2,410,000	$ 381,085.00	$ 2,791,085.00

Fiscal Year Ending May 31st	2008 Various Improvements			2010 Refunding of 1998 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	$ 230,000	$ 77,100.00	$ 307,100.00	$ 170,000	$ 33,000.00	$ 203,000.00
2015	230,000	70,200.00	300,200.00	165,000	26,200.00	191,200.00
2016	235,000	63,300.00	298,300.00	165,000	19,600.00	184,600.00
2017	240,000	56,250.00	296,250.00	165,000	13,000.00	178,000.00
2018	240,000	49,050.00	289,050.00	160,000	6,400.00	166,400.00
2019	240,000	40,650.00	280,650.00	-	-	-
2020	245,000	32,250.00	277,250.00	-	-	-
2021	245,000	23,062.50	268,062.50	-	-	-
2022	245,000	13,875.00	258,875.00	-	-	-
2023	125,000	4,687.50	129,687.50	-	-	-
TOTALS	$ 2,275,000	$ 430,425.00	$ 2,705,425.00	$ 825,000	$ 98,200.00	$ 923,200.00

APPENDIX - B2
Village of Lake Success

CURRENT BONDS OUTSTANDING

Ending May 31st	2010 Refunding of 2002 A Bonds			2013 Tax Certiorari Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	$ 420,000	$ 150,125.00	$ 570,125.00	$ 115,058	$ 13,392.78	$ 128,450.78
2015	435,000	135,425.00	570,425.00	155,000	26,243.75	181,243.75
2016	450,000	120,200.00	570,200.00	160,000	24,693.75	184,693.75
2017	475,000	102,200.00	577,200.00	160,000	22,893.75	182,893.75
2018	490,000	83,200.00	573,200.00	125,000	20,893.75	145,893.75
2019	510,000	63,600.00	573,600.00	125,000	19,331.25	144,331.25
2020	525,000	43,200.00	568,200.00	125,000	17,768.75	142,768.75
2021	555,000	22,200.00	577,200.00	125,000	16,206.25	141,206.25
2022	-	-	-	125,000	14,487.50	139,487.50
2023	-	-	-	130,000	12,612.50	142,612.50
2024	-	-	-	130,000	10,337.50	140,337.50
2025	-	-	-	105,000	7,737.50	112,737.50
2026	-	-	-	80,000	5,637.50	85,637.50
2027	-	-	-	85,000	4,037.50	89,037.50
2028	-	-	-	85,000	2,125.00	87,125.00
TOTALS	$ 3,860,000	$ 720,150.00	$ 4,580,150.00	$ 1,830,058	$ 218,399.03	$ 2,048,457.03

APPENDIX - C

VILLAGE OF LAKE SUCCESS

ANNUAL FINANCIAL REPORT UPDATE DOCUMENT

AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED MAY 31, 2012

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

INCORPORATED VILLAGE OF LAKE SUCCESS

FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULES WITH INDEPENDENT AUDITOR'S REPORT

May 31, 2012

INCORPORATED VILLAGE OF LAKE SUCCESS
TABLE OF CONTENTS

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Lake Success
Lake Success, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary fund of the Incorporated Village of Lake Success (Village) as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the Incorporated Village of Lake Success as of May 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, "Changes in Accounting Principles", the Village has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of May 31, 2012.

Accounting principles generally accepted in the United States of America require management's discussion and analysis, budgetary comparison information and the schedule of funding progress for other postemployment benefits on pages 3 through 13 and 39 through 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement 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 no 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Lake Success' basic financial statements. The schedule of project expenditures – capital projects fund on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Cullen & Danowski, LLP

March 29, 2013

The Incorporated Village of Lake Success' discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2012 in comparison with the year ended May 31, 2011, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2012 are as follows:

- The Village's total net assets, as reflected in the government-wide financial statements, increased by $158,285, due to an excess of revenues over expenses based on the accrual basis of accounting. The resulting total net assets at May 31, 2012 were $5,840,683.

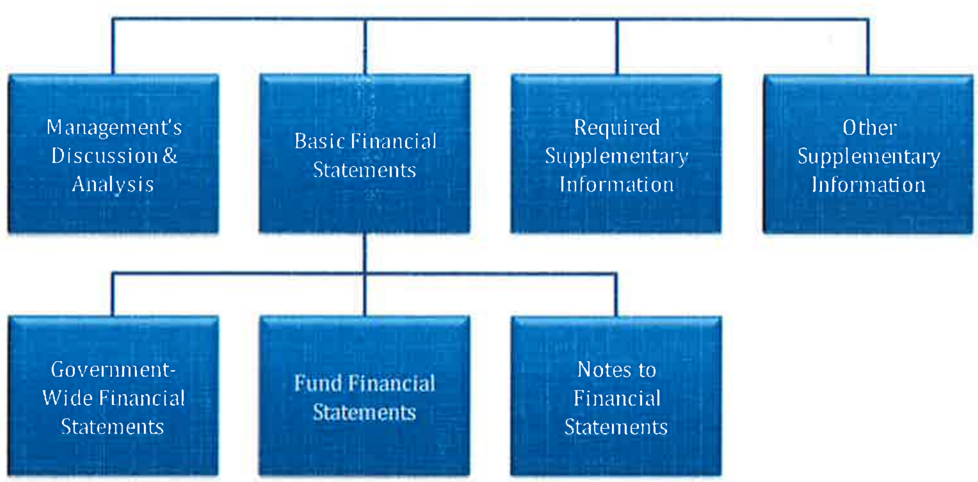
- The general fund's total fund balance, as reflected in the fund financial statements, increased by $258,952, as revenues and other financing sources exceeded expenditures and other financing uses based on the modified accrual basis of accounting. The resulting total general fund - fund balance at May 31, 2012 was $3,468,402.

- The Village was awarded two energy efficiency block grants by the New York State Energy Research and Development Authority (NYSERDA) for the installation of solar panels at the Village's Community Building and the Department of Public Works garage building. The block grants are funded by Federal ARRA (American Recovery and Reinvestment Act) funds. As of May 31, 2012, the Village has incurred $415,069 in expenses related to the installation of solar panels, which were entirely paid for by the grants. These non-recurring expenditures and the grant revenue are recorded in the general fund.

- The Village received $59,925 of emergency disaster assistance from FEMA and the State to help defray the costs to repair storm damages.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

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

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

The Statement of Net Assets

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

The Village maintains four governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, golf fund, sewer fund, and capital projects fund, all of which are considered to be major funds.

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Village's net assets were $5,840,683 at May 31, 2012. A summary of the Village's Statement of Net Assets is as follows. The 2011 net assets amounts have been reclassified for comparative purposes to conform to the 2012 presentation. There was no change in the 2011 net assets totals.

	2012	2011	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 6,745,422	$ 7,325,223	$ (579,801)	(7.92)%
Capital Assets, Net	25,076,395	25,139,132	(62,737)	(0.25)%
Total Assets	31,821,817	32,464,355	(642,538)	(1.98)%
Current and Other Liabilities	3,258,163	4,173,202	(915,039)	(21.93)%
Long-Term Liabilities	19,893,386	20,867,104	(973,718)	(4.67)%
Net Other Postemployment Benefits Obligation	2,829,585	1,741,651	1,087,934	62.47 %
Total Liabilities	25,981,134	26,781,957	(800,823)	(2.99)%
Net Assets				
Invested in Capital Assets, Net of Related Debt	9,728,734	8,235,919	1,492,815	18.13 %
Restricted	46,097	40,597	5,500	13.55 %
Unrestricted (Deficit)	(3,934,148)	(2,594,118)	(1,340,030)	51.66 %
Total Net Assets	$ 5,840,683	$ 5,682,398	$ 158,285	2.79 %

Current and other assets decreased by $579,801, as compared to the prior year and primarily reflects a decrease in the Village's cash balances.

Capital assets, net decreased by $62,737, as compared to the prior year. This decrease is primarily due to depreciation expense exceeding capital additions. The accompanying Notes to Financial Statements, Note 6 provides additional information.

Current and other liabilities decreased by $915,039, as compared to the prior year. The decrease is primarily due to lower short-term bond anticipation notes payable, accounts payable and accrued liabilities offset by an increase in the amount due to fiduciary funds.

Long-term liabilities decreased by $973,718, as compared to the prior year. This decrease is primarily the result of the repayment of the current maturity of the bond indebtedness, offset by an increase in long-term bond anticipation notes payable.

Net other postemployment benefits obligation increased by $1,087,934, as determined in accordance with the GASB Statement No. 45. The accompanying Notes to Financial Statements, Note 12 – Postemployment Benefits, provides additional information.

The net assets invested in capital assets, net of related debt, reflects the Village's investment at cost in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) less accumulated depreciation and any debt used to acquire those assets that is still outstanding. This number increased because principal repayments on related debt was more than the net decrease in capital assets (depreciation expense exceeded capital additions). As permitted by GASB, the Village did not include infrastructure assets (i.e., sewers, roadways) placed in service prior to June 1, 2005. The Village uses its capital assets to provide services to the residents of the Village; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net assets relates to the Village's capital reserves.

The unrestricted net assets relates to the balance of the Village's net assets. This number decreased from the prior year by $1,340,030, to a deficit of $3,934,148. The deficit reflects the Village's long-term compensated absences liability and net other postemployment benefits (OPEB) obligation. Additionally, in accordance with State guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the net OPEB obligation.

The Village's total net assets increased by $158,285 or 2.79%, to $5,840,683 at May 31, 2012, compared to $5,682,398 at May 31, 2011.

B. Changes in Net Assets

A summary of the changes in net assets is as follows:

	2012	2011	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 3,385,207	$ 3,265,581	$ 119,626	3.66 %
Operating Grants	536,548	24,937	511,611	2051.61 %
General Revenues				
Property Taxes	9,381,538	8,643,744	737,794	8.54 %
State Sources	216,799	233,397	(16,598)	(7.11)%
Other	1,701,326	1,507,119	194,207	12.89 %
Total Revenues	15,221,418	13,674,778	1,546,640	11.31 %
Expenses				
General Support	2,005,444	1,780,465	224,979	12.64 %
Public Safety	6,602,847	5,673,716	929,131	16.38 %
Transportation	1,104,947	960,838	144,109	15.00 %
Culture and Recreation	2,933,231	2,858,485	74,746	2.61 %
Home and Community Services	955,357	926,000	29,357	3.17 %
Debt Service - Interest	637,081	530,767	106,314	20.03 %
Depreciation - Unallocated	824,226	775,225	49,001	6.32 %
Total Expenses	15,063,133	13,505,496	1,557,637	11.53 %
Increase in Net Assets	$ 158,285	$ 169,282	$ (10,997)	(6.50)%

The Village's net assets increased by $158,285 for the year ended May 31, 2012, and $169,282 for the year ended May 31, 2011.

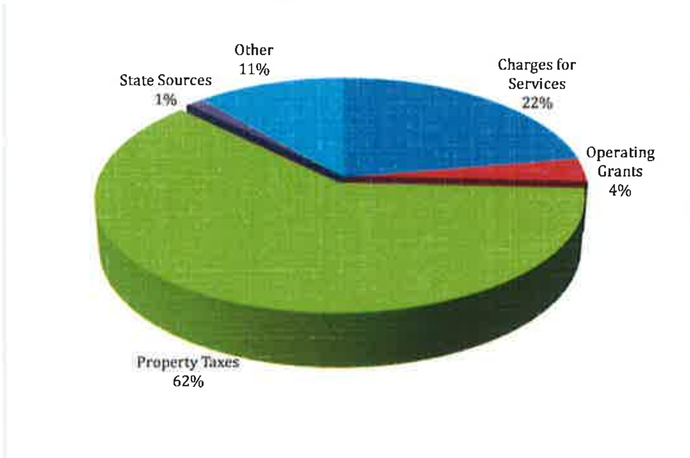
The Village's total revenues increased by $1,546,640 or 11.31% compared to fiscal 2011. The increase is primarily due to increases in operating grants related to the NYSERDA – Solar Panel Project and increases in property taxes, insurance recoveries, and fines and forfeitures.

The Village's expenses for the year increased by $1,557,637 or 11.53%. The majority of this increase was in public safety, specifically law enforcement, and results from increases in benefits (pension costs, insurance costs, OPEB sots and termination payments) and salary costs related to overtime resulting from emergency situations mostly due to storms. The increase in benefits also impacted other functional expense areas.

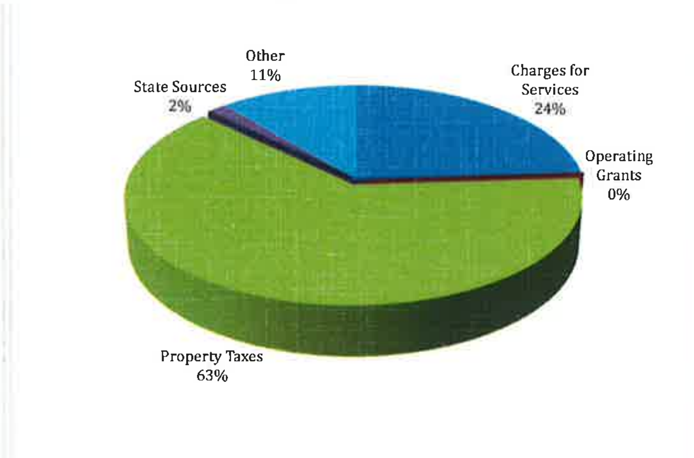
As indicated by the pie charts that follow, property taxes is the largest component of revenues. Additionally, the charts demonstrate that the components of revenues and expenses are relatively consistent for both years.

A graphic display of the distribution of revenues is as follows:

May 31, 2012

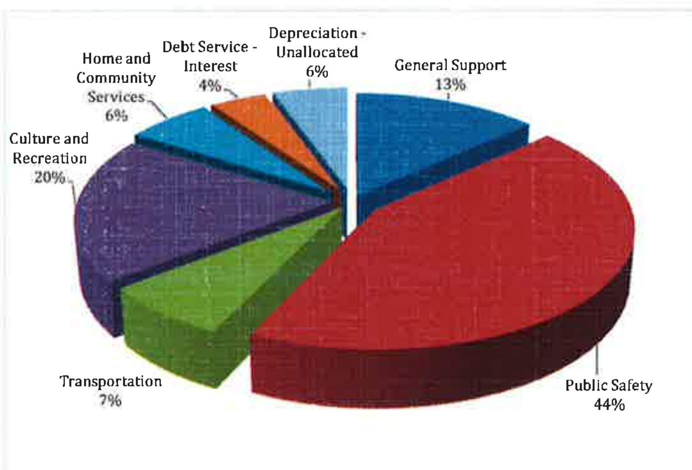


May 31, 2011

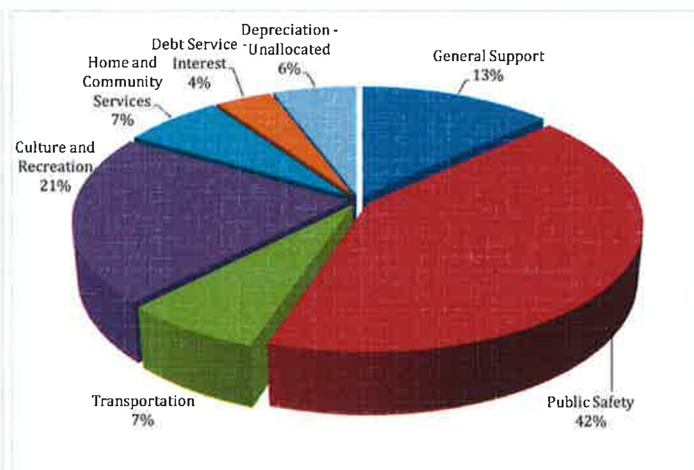


A graphic display of the distribution of expenses is as follows:

May 31, 2012



May 31, 2011



4. FINANCIAL ANALYSIS OF THE VILLAGE'S GOVERNMENTAL FUNDS

As noted earlier, the Village uses fund accounting to maintain control over resources and to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At May 31, 2012, the Village's governmental funds reported a combined fund balance of $3,730,020, which is an increase of $293,999 from the prior year. The current year increase is primarily due to the governmental funds revenues and other financing sources exceeding expenditures and other financing uses. A summary of the change in fund balance by fund presented in accordance with GASB 54 classifications is as follows. Certain 2011 amounts have been reclassified for comparative purposes to conform to the 2011 presentation. There was no change in the 2011 totals.

	2012	2011	Changes
General Fund			
Nonspendable: Prepaids	$ 6,186	$ 5,583	$ 603
Restricted:			
Capital - tennis courts	5,000	5,000	-
Capital - office computers	13,500	8,000	5,500
Unspent bond proceeds	582,587	582,587	-
Assigned:			
Appropriated fund balance	1,090,760	2,000,000	(909,240)
Encumbrances	32,170	34,030	(1,860)
Unassigned Fund Balance	1,738,199	574,250	1,163,949
Total General Fund	3,468,402	3,209,450	258,952
Golf Fund			
Nonspendable: Prepaids	$ 100	$	$ 100
Restricted:			
Capital - cart path improvements	27,597	27,597	-
Assigned:			
Appropriated fund balance	410,760	402,106	8,654
Encumbrances	7,789	25,861	(18,072)
Unappropriated fund balance	133,167	416,711	(283,544)
Total Golf Fund	579,413	872,275	(292,862)
Sewer Fund			
Assigned:			
Appropriated fund balance	16,183	11,473	4,710
Encumbrances		8,409	(8,409)
Unappropriated fund balance	177,011	148,180	28,831
Total Sewer Fund	193,194	168,062	25,132
Capital Projects Fund			
Assigned: Encumbrances	-	27,580	(27,580)
Unassigned: Fund balance (deficit)	(510,989)	(841,346)	330,357
Total Capital Projects Fund	(510,989)	(813,766)	302,777
Total Fund Balance	$ 3,730,020	$ 3,436,021	$ 293,999

The $258,952 increase in the general fund's total fund balance was partly due to the recognition of $631,013 in proceeds from a long-term bond anticipation note (BAN) issued to pay for tax certiorari claims, as a financing source revenue.

The Village's Board of Trustees elected to appropriate $1,090,760 of the general fund's unassigned fund balance to help reduce the 2012-13 tax levy. The fund balance restricted for unspent bond proceeds relates to the amount of unspent capital projects bond proceeds transferred from the capital projects fund to the general fund; these monies have to be used for debt service. The Board of Trustees has also appropriated the entire amount for the 2012-13 budget.

The decrease in total fund balance of the golf fund reflects the Village's planned use of the fund balance to subsidize the 2011-12 budget. The increase in the capital projects fund results from the reduction of BANs payable due to principal payments made by the general fund and golf fund ($387,550) in excess of capital expenditures ($84,773).

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2011-12 Budget

The Village's general fund budget as approved by the Board of Trustees was $12,468,403 for the year ended May 31, 2012. This amount was increased by encumbrances carried forward from the prior year in the amount of $34,030, for a total revised budget of $12,502,433.

The budget was funded by a combination of estimated revenues, and appropriated fund balance. The majority of this funding was $9,378,307 in property taxes.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and appropriations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget is as follows:

Opening, Unassigned Fund Balance	$ 574,250
Revenues Over Budget	2,070,861
Expenditures and Encumbrances Under Budget	189,951
Increase in Nonspendable Fund Balance	(603)
Net Increase in Reserves	(5,500)
Appropriated for May 31, 2013 Budget	(1,090,760)
Closing, Unassigned Fund Balance	$ 1,738,199

Opening, Unassigned Fund Balance

The $574,250 shown in the table is the portion of the Village's May 31, 2011 fund balance that was retained as unassigned.

Revenues Over Budget

The 2011-12 revised budget for revenues was $10,468,403. Actual revenues received for the year were $12,539,264. The excess of actual revenues over estimated or budgeted revenues was $2,070,861. This change contributes directly to the change to the unassigned portion of the general fund - fund balance from May 31, 2011 to May 31, 2012. The majority ($1,226,221) of this excess was from insurance recoveries, the NYSERDA Solar grant, and the recognition of long-term BANs proceeds. In addition, departmental income, fines, payments in lieu of taxes, nonproperty tax items, and state sources revenues were higher than budgeted.

Expenditures and Encumbrances Under Budget

The 2011-12 revised budget for expenditures was $12,502,433. Actual expenditures and encumbrances as of May 31, 2012 totaled $12,312,482, or approximately 98.5% of the revised budget. The final budget was under expended by $189,951. This under expenditure was primarily from the debt service and employee benefits areas of the budget, and contributes to the change to the unassigned portion of the general fund - fund balance from May 31, 2011 to May 31, 2012.

Increase in Nonspendable Fund Balance

The Village prepaid various miscellaneous costs at May 31, 2012. The resulting balance sheet asset (deferred expenditures) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Net Increase in Reserves

The Village funded its office computer equipment reserve by transferring $5,500 from the unassigned fund balance.

Appropriated Fund Balance

The Village has chosen to use $1,090,760 of its available May 31, 2012 fund balance to partially fund the 2012-13 approved operating budget. As such, the unassigned portion of the May 31, 2012 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the above table, the Village will begin the 2012-13 fiscal year with an unassigned fund balance of $1,738,199.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The Village's capital assets, net of accumulated depreciation, at May 31st are summarized as follows:

	2012	2011	Increase (Decrease)
Land	$ 1,022,500	$ 1,022,500	$ -
Buildings	14,136,163	14,047,442	88,721
Improvements	3,909,416	4,075,325	(165,909)
Machinery and equipment	1,584,813	1,783,933	(199,120)
Infrastructure	4,423,503	4,209,932	213,571
	$ 25,076,395	$ 25,139,132	$ (62,737)

The net decrease in the current year was attributable to depreciation expenses exceeding capital asset additions (capital constructions and vehicles and equipment purchases).

The Village did not include infrastructure assets placed in service prior to June 1, 2004 in its capital assets as permitted by GASB Statement No. 34.

B. Debt Administration

The Village issues serial bonds and bond anticipation notes to fund various capital projects and, to a lesser degree, tax certiorari judgments. The Village's latest underlying, long-term credit rating from Moody's Investor Services, Inc. is Aaa. A summary of the Village's bonded indebtedness at May 31 is summarized as follows:

	2012	2011	Increase (Decrease)
Bonds payable			
Capital purposes	$ 15,336,500	$ 16,743,000	$ (1,406,500)
Other purposes	313,500	342,000	(28,500)
Bond anticipation notes			
Capital purposes	841,499	1,029,050	(187,551)
Other purposes	2,123,844	2,392,514	(268,670)
	$ 18,615,343	$ 20,506,564	$ (1,891,221)

The net decrease of $1,435,000 in bonded indebtedness is due to bond principal payments. The net decrease of $456,221 in bond anticipation notes payable was due to the pay down of notes in the amount of $387,551 issued for capital purposes offset by the receipt of $208,000 from the issuance of new notes, and the pay down of a short-term note in the amount of $33,371 and long-term notes in the amount of $235,459 issued to fund tax certiorari judgments.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Trustees approved a $12,656,296 general fund budget for the year ending May 31, 2013. This is an increase of $187,893 or 1.51% over the previous year's budget. The increase principally consists of increases to the Village contributions to the New York State and Local Employees Retirement System and the New York State Police and Fire Retirement System ($383,769), offset by general decreases in various other areas.

The Village budgeted revenues other than property taxes at a $155,754 increase over the prior year's estimate primarily in payments in lieu of taxes and safety inspection fees. Additionally, the Village designated $1,090,760 of fund balance and $582,587 of fund balance restricted for unspent bond proceeds to be applied to the 2012-13 budget. A property tax increase of $358,792 or 3.83% (tax levy to tax levy) was needed to cover the increase in appropriations.

Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation effective for the 2012-13 fiscal year. There are additional statutory adjustments in the law. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board.

The Village sustained damages during the 2012-13 fiscal year related to Hurricane Sandy. The current estimate of the damages is approximately $350,000. The Village expects to receive insurance recovery, as well as Federal and State reimbursement for a substantial portion of the costs incurred.

8. CONTACTING THE VILLAGE

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

Ms. Akua Bediako, Treasurer
Incorporated Village of Lake Success
318 Lakeville Road
Lake Success, NY 11020

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Net Assets
May 31, 2012

ASSETS	
Cash	$ 6,135,305
Receivables	
Taxes receivable	961
Tax sale certificates	187
Accounts receivable	464,593
Due from fiduciary funds	27,406
Due from state and federal	59,925
Due from other governments	50,759
Deferred expenditures	6,286
Capital assets not being depreciated	1,022,500
Capital assets being depreciated, net of accumulated depreciation	24,053,895
Total Assets	$ 31,821,817
LIABILITIES	
Payables	
Accounts payable	$ 442,797
Accrued liabilities	268,774
Due to fiduciary funds	339,739
Due to other governments	545
Due to employees' and police retirement systems	236,866
Notes payable	
Bond anticipation	841,499
Deferred credits	
Overpayments	4,732
Deferred revenues	1,123,211
Long-term liabilities	
Due and payable within one year	
Bond anticipation note payable	2,123,844
Bonds payable	1,475,000
Compensated absences payable	225,000
Due and payable after one year	
Bonds payable	14,175,000
Compensated absences payable	1,894,542
Net other postemployment benefits obligation	2,829,585
Total Liabilities	25,981,134
NET ASSETS	
Investment in capital assets, net of related debt	9,728,734
Restricted	46,097
Unrestricted (deficit)	(3,934,148)
Total Net Assets	5,840,683
Total Liabilities and Net Assets	$ 31,821,817

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Activities
For the Year Ended May 31, 2012

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Governmental Activities
PROGRAMS/FUNCTIONS				
Governmental Activities				
General support	$ 2,005,444	$	$ 476,872	$ (1,528,572)
Public safety	6,602,847			(6,602,847)
Transportation	1,104,947		59,676	(1,045,271)
Culture and recreation	2,933,231	2,689,499		(243,732)
Home and community services	955,357	695,708		(259,649)
Debt service - interest	637,081			(637,081)
Depreciation and loss on disposal - unallocated	824,226			(824,226)
Total Functions and Programs	$ 15,063,133	$ 3,385,207	$ 536,548	(11,141,378)
GENERAL REVENUES				
Real property taxes				9,381,538
Other real property tax items				428,052
Nonproperty taxes				198,741
Departmental income				468,295
Use of money and property				45,754
Licenses and permits				30,530
Fines and forfeitures				264,795
Sale of property and compensation for loss				133,817
Miscellaneous				131,342
State sources				216,799
Total General Revenues				11,299,663
Change in Net Assets				158,285
Total Net Assets - Beginning of year				5,682,398
Total Net Assets - End of year				$ 5,840,683

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Balance Sheet - Governmental Funds
May 31, 2012

	General	Golf	Sewer	Capital Projects	Total Governmental Funds
ASSETS					
Cash	$ 3,339,582	$ 1,919,488	$ 157,733	$ 718,502	$ 6,135,305
Receivables					
Taxes receivable	961				961
Tax sale certificates	187				187
Accounts receivable	164,611	6,373	293,609		464,593
Due from other funds	582,951		23,418	74,701	681,070
Due from state and federal	59,925				59,925
Due from other governments	50,759				50,759
Deferred expenditures	6,186	100			6,286
Total Assets	$ 4,205,162	$ 1,925,961	$ 474,760	$ 793,203	$ 7,399,086
LIABILITIES					
Payables					
Accounts payable	$ 121,029	$ 38,702	$ 281,566	$ 1,500	$ 442,797
Accrued liabilities	16,908	9,105			26,013
Due to other funds	333,397	198,813		461,193	993,403
Due to other governments		545			545
Due to retirement systems	199,129	37,737			236,866
Notes payable					
Bond anticipation				841,499	841,499
Deferred credits					
Overpayments	4,732				4,732
Deferred revenues	61,565	1,061,646			1,123,211
Total Liabilities	736,760	1,346,548	281,566	1,304,192	3,669,066
FUND BALANCES					
Nonspendable: Prepaids	6,186	100			6,286
Restricted for:					
Capital - cart path improvements		27,597			27,597
Capital - tennis courts	5,000				5,000
Capital - office computers	13,500				13,500
Unspent bond proceeds	582,587				582,587
Assigned:					
Appropriated fund balance	1,090,760	410,760	16,183		1,517,703
Unappropriated fund balance	32,170	140,956	177,011		350,137
Unassigned: Fund balance (deficit)	1,738,199			(510,989)	1,227,210
Total Fund Balances (Deficit)	3,468,402	579,413	193,194	(510,989)	3,730,020
Total Liabilities and Fund Balances	$ 4,205,162	$ 1,925,961	$ 474,760	$ 793,203	$ 7,399,086

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
May 31, 2012

Total Governmental Fund Balances		$ 3,730,020
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Assets includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 31,577,862	
Accumulated depreciation	(6,501,467)	
		25,076,395
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Accrued interest on bonds and bond anticipation notes payable	(242,761)	
Bond anticipation notes payable	(2,123,844)	
Bonds payable	(15,650,000)	
Compensated absences payable	(2,119,542)	
Net other postemployment benefits payable	(2,829,585)	
		(22,965,732)
Total Government-wide Net Assets		$ 5,840,683

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2012

	General	Golf	Sewer	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	$ 9,381,538	$	$	$	$ 9,381,538
Other real property tax items	428,052				428,052
Nonproperty taxes	198,741				198,741
Departmental income	568,133	2,589,661	695,708		3,853,502
Use of money and property	43,456	2,275	23		45,754
Licenses and permits	30,530				30,530
Fines and forfeitures	264,795				264,795
Sale of property and compensation for loss	138,317				138,317
Miscellaneous	1,342				1,342
State aid	291,456				291,456
Federal aid	461,891				461,891
Total Revenues	11,808,251	2,591,936	695,731	-	15,095,918
EXPENDITURES					
General support	1,989,095	3,468			1,992,563
Public safety	4,117,975			37,892	4,155,867
Transportation	770,617			3,157	773,774
Culture and recreation	340,921	1,908,176		43,724	2,292,821
Home and community services	294,758		660,599		955,357
Employee benefits	2,367,246	546,524			2,913,770
Debt service					
Principal	1,770,960	287,050			2,058,010
Interest	628,740	49,580			678,320
Total Expenditures	12,280,312	2,794,798	660,599	84,773	15,820,482
Excess (Deficiency) of Revenues Over Expenditures	(472,061)	(202,862)	35,132	(84,773)	(724,564)
OTHER FINANCING SOURCES AND USES					
Proceeds of long-term debt	631,013				631,013
BANs redeemed from appropriations				387,550	387,550
Operating transfers in	100,000				100,000
Operating transfers out		(90,000)	(10,000)		(100,000)
Total Other Financing Sources and Uses	731,013	(90,000)	(10,000)	387,550	1,018,563
Net Changes in Fund Balances	258,952	(292,862)	25,132	302,777	293,999
Fund Balances (Deficit) - Beginning of year	3,209,450	872,275	168,062	(813,766)	3,436,021
End of year	$ 3,468,402	$ 579,413	$ 193,194	$ (510,989)	$ 3,730,020

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2012

Net Changes in Fund Balances		$ 293,999
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Increase in compensated absences payable	$ (65,729)	
Increase in net other postemployment benefits obligation	(1,087,934)	
		(1,153,663)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Assets and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation and loss on disposal of assets exceeded capital outlays in the period.		
Capital outlays	765,989	
Loss on disposal of assets	(21,356)	
Depreciation expense	(807,370)	
		(62,737)
Long-Term Debt Transactions Differences		
Proceeds from the issuance of serial bonds and long-term bond anticipation notes are an other funding source in the governmental funds, but it increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	(631,013)	
Bond anticipation notes redeemed from governmental fund appropriations are an other funding source in the governmental funds, but it does not affect the Statement of Activities.	(387,550)	
Repayment of bond and bond anticipation notes principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	2,058,010	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2011 to May 31, 2012.	41,239	
		1,080,686
Change in Net Assets of Governmental Activities		$ 158,285

See Notes to Financial Statements

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Fiduciary Net Assets -
Fiduciary Funds
May 31, 2012

	Agency Fund
ASSETS	
Cash	$ 843,741
Accounts receivable	265,898
Due from other funds	339,739
	$ 1,449,378
LIABILITIES	
Accounts payable	$ 438,830
Due to other funds	27,406
Other liabilities	983,142
	$ 1,449,378

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

The reporting entity is the primary government, the Village, as well as component units and other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village. The financial reporting entity is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations are Component Units.* These criteria include legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the Village's reporting entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about the overall governmental financial activities of the Village, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions.

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

Fund Financial Statements

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

Governmental Funds:

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

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditure for specified purposes. Special revenue funds include the following:

Golf Fund – is used to account for the financial resources of the Village's golf course.

Sewer Fund - is used to account for Village activities associated with the treating and disposing of sanitary waste within the Belgrave Water Pollution Control District, Town of North Hempstead.

Capital Projects Fund - is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

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

C. Basis of Accounting and Measurement Focus

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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been met.

The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 6 months after the end of the current fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due.

Revenues such as property taxes, utilizes gross receipt taxes, franchise fees, charges for services, interest justice court fines and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Most other revenue items are considered to be measurable and available only when cash is received by the Village.

D. Property Taxes

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

E. Interfund Transactions

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

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

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

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Cash and Cash Equivalents/Investments

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

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

H. Receivables

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

I. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation. The Village did not include infrastructure assets placed in service prior to June 1, 2004 in its capital assets, as permitted by GASB Statement No. 34.

All capital assets, except land, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide statements are as follows:

	Capital Threshold	Estimated Useful Life
Buildings	$ 1,000	5 - 65 years
Improvements	1,000	10 - 100 years
Machinery and equipment	1,000	5 - 20 years
Infrastructure	1,000	30 - 50 years

J. Deferred Revenues

Deferred revenues in the governmental funds arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the liability for deferred revenues is removed and revenues are recognized.

K. Employee Benefits

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

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

The above compensated absence liabilities are reported on the Government-wide Statement of Net Assets as a current and long-term liability. A liability for these amounts is recorded in the Balance Sheet to the extent payments become due because of employee retirement or resignation.

L. Other Benefits

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

The Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year.

The cost of providing post-retirement benefits is paid by the Village. Some retired employees may pay a percentage of the cost in accordance with their collective bargaining agreement. The Village accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting.

M. Short-Term Debt

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

N. Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due and payable within one year or due and payable after one year in the Statement of Net Assets.

O. Equity Classifications

<u>Government-Wide Statements</u>

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

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

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

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

Fund Statements

During the year ended May 31, 2012 the Village implemented GASB 54, (see Note 2 "Changes in Accounting Principles" for additional information). Under GASB 54, the fund balance now consists of five classifications:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans, receivables, financial assets held for resale and principal of an endowment. The Village utilizes the nonspendable fund balances for prepaid items (deferred expenditures).

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

Capital Reserve

Capital Reserve (General Municipal Law §6-c) is used to pay for all or part of the cost of any capital improvements or acquisition of equipment. The creation of a capital reserve fund requires authorization by a majority of the Board of Trustees establishing the purpose of the reserve and the estimated maximum cost of the item, and may be subject to permissive referendum requirements. The reserve is accounted for in the general fund and the golf fund.

Restricted fund balance also includes resources that are restricted for debt service. These resources include unused debt proceeds, as well as interest earnings from the temporary investment of debt proceeds. Fund balance restricted for debt service is accounted for in the general fund.

Committed – Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint. OSC believes that in most cases, local governments in New York will not have committed fund balance to report.

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

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

Fund Balance Policy

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

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

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

2. CHANGE IN ACCOUNTING PRINCIPLES

In February 2009, GASB released GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Village during the year ended May 31, 2012. GASB 54 requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The new fund balance components will indicate the level of constraints placed upon how resources can be spent and identify the sources of these constraints. In addition, GASB 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Budgets are adopted annually on a basis consistent with GAAP. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

During the year ended May 31, 2012, the Village revised the general fund budget as follows:

Encumbrances from prior year	$ 34,030

Budgets are established and used for individual capital projects funds expenditures as approved by the Board of Trustees. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

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

C. Deficit Fund Balance

The capital projects fund had a deficit unassigned fund balance of $510,989. The deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

5. CASH EQUIVALENTS AND INVESTMENTS

The Village's total cash balance for governmental funds was $6,135,305 as of May 31, 2012, and was comprised as follows:

Cash in Banks	$ 4,802,364
Investment Pool	1,332,941
	$ 6,135,305

A. Cash in Banks

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

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

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

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

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

B. Investment Pool

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

Total investments of the cooperative as of year-end are $254,710,374, which consisted of $170,210,374 in repurchase agreements, $4,500,000 in U.S. Government guaranteed securities, $30,000,000 in U.S. Treasury Securities and $50,000,000 in collateralized bank deposits.

The following amounts are included as cash as of May 31, 2012:

	Carrying Amount
General fund	$ 793,425
Golf fund	258,179
Capital projects fund	281,337
	$ 1,332,941

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning the cooperative is presented in the annual report of New York CLASS – Cutwater Investor Services Corp., 113 King Street, Armonk, New York 10504.

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2012 were as follows:

	Balance May 31, 2011	Additions	Reductions	Balance May 31, 2012
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,022,500	$	$	$ 1,022,500
Construction in progress				
Total capital assets not being depreciated	1,022,500	-	-	1,022,500
Capital assets being depreciated				
Buildings	17,343,646	416,830		17,760,476
Improvements	4,850,707	1,374		4,852,081
Machinery and equipment	3,239,034	136,073	(62,000)	3,313,107
Infrastructure	4,417,986	211,712		4,629,698
Total capital assets being depreciated	29,851,373	765,989	(62,000)	30,555,362
Less accumulated depreciation for:				
Buildings	3,243,565	380,748		3,624,313
Improvements	849,908	92,757		942,665
Machinery and equipment	1,507,740	261,198	(40,644)	1,728,294
Infrastructure	133,528	72,667		206,195
Total accumulated depreciation	5,734,741	807,370	(40,644)	6,501,467
Capital assets, net	$ 25,139,132	$ (41,381)	$ (21,356)	$ 25,076,395

Depreciation expense of $807,370 and loss on disposal of assets of $16,856 (net of proceeds from the sale of equipment of $4,500) totaled $824,226. It has not been allocated in the governmental activities.

7. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2012, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 582,951	$ 333,397	$ 100,000	$
Golf Fund		198,813		90,000
Sewer Fund	23,418			10,000
Capital Projects Fund	74,701	461,193		
Fiduciary Fund	339,739	27,406		
Total	$ 1,020,809	$ 1,020,809	$ 100,000	$ 100,000

All interfund balances are expected to be repaid.

The Village transfers from the golf fund and sewer fund to the general fund in accordance with the respective budgets.

8. DEFERRED REVENUES

Deferred revenues consist of the following:

General Fund	
Park and recreation fees for Summer 2012	$ 61,565
Golf Fund	
Annual player fees for the balance of the calendar year	1,061,646
	$ 1,123,211

9. SHORT-TERM DEBT

Bond Anticipation Notes (BANs)

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. BANs may be excluded from the current liabilities of the funds and included in the long-term liabilities in the government-wide financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement.

Transactions in short-term debt for the year are summarized as follows:

	Balance May 31, 2011	Additions	Reductions	Balance May 31, 2012
BANs - short term	$ 1,693,274	$ 841,499	$ (1,693,274)	$ 841,499

The following is a summary of short-term BANs payable as of May 31, 2012, which are recognized in the capital projects fund:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2012
Improvements and equipment	6/10/2011	6/8/2012	0.69%	$ 170,266
Improvements and equipment	10/21/2011	10/19/2012	0.79%	563,000
Equipment	12/8/2011	12/6/2012	0.87%	45,500
Improvements and equipment	3/30/2012	12/6/2012	0.95%	62,733
				$ 841,499

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

Interest paid	$ 29,913
Less interest accrued in the prior year	(18,742)
Plus interest accrued in the current year	13,547
Total interest expense on short-term debt	$ 24,718

10. LONG-TERM LIABILITIES

The following tables summarize the changes in governmental activities in long-term liabilities, excluding other postemployment benefits:

	Balance May 31, 2011	Additions	Reductions	Balance May 31, 2012	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 17,085,000	$	$ (1,435,000)	$ 15,650,000	$ 1,475,000
Bond anticipation notes payable	1,728,290	631,013	(235,459)	2,123,844	2,123,844
Other long-term liabilities:					
Compensated absences	2,053,814	65,728		2,119,542	225,000
	$ 20,867,104	$ 696,741	$ (1,670,459)	$ 19,893,386	$ 3,823,844

The following is a summary of bonds payable at May 31, 2012:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2012
Serial Bonds				
Community building	1/1/2002	12/1/2020	6.50 - 6.70%	$ 645,000
Public improvement	11/15/2004	7/15/2024	3.75 - 4.00%	2,890,000
Public improvement/tax certioraris	12/15/2005	7/15/2020	3.75 - 4.0%	1,650,000
Pool reconstruction	10/1/2007	10/1/2020	3.63 - 3.80%	2,655,000
Golf activities building / road recon	1/21/2009	1/15/2023	3.00-3.75%	2,545,000
Refunding bonds Ser A	8/31/2010	2/15/2018	4.00%	995,000
Refunding bonds Ser B	8/31/2010	12/1/2020	3.50-4.00%	4,270,000
				$ 15,650,000

In fiscal 2011, the Village issued refunding bonds and defeased certain general obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds were fully satisfied by the escrow agent as of December 1, 2011.

The following is a summary of maturing debt service requirements for the serial bonds:

Fiscal Year Ending May 31,	Principal	Interest	Total
2013	$ 1,475,000	$ 595,791	$ 2,070,791
2014	1,480,000	541,246	2,021,246
2015	1,520,000	486,043	2,006,043
2016	1,570,000	429,092	1,999,092
2017	1,630,000	368,071	1,998,071
2018-2022	7,040,000	866,997	7,906,997
2023-2025	935,000	54,087	989,087
Total	$ 15,650,000	$ 3,341,327	$ 18,991,327

The following is a summary of bond anticipation notes payable at May 31, 2012:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2012
Long-term BANs				
Tax Certioraris	6/10/2011	6/8/2012	0.69%	$ 819,900
Tax Certioraris	10/21/2011	10/19/2012	0.79%	75,129
Tax Certioraris	12/8/2011	12/6/2012	0.87%	597,802
Tax Certioraris	3/30/2012	12/6/2012	0.95%	631,013
				$ 2,123,844

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

Interest paid	$ 648,407
Less interest accrued in the prior year	(265,258)
Plus interest accrued in the current year	229,214
Total interest expense on long-term debt	$ 612,363

11. PENSION PLANS

A. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer 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.

B. Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary until they have ten years of credited service. Those who joined the ERS on or after January 1, 2010 and before April 1, 2012, and the PFRS on or after January 9, 2010, and before April 1, 2012 contribute 3% of their salary throughout their active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. Under the authority of the New York State Retirement and Social Security Law, the Comptroller of the State of New York shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Systems issue a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Employees' Retirement System or New York State Police and Fire Retirement System, 110 State Street, Albany, NY 12244.

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

Year	ERS	PFRS
2012	$ 379,257	$ 657,196
2011	264,184	567,916
2010	160,954	460,347

12. POSTEMPLOYMENT BENEFITS

A. Plan Description

The Village provides medical and prescription drug insurance (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program.

B. Funding Policy

The Village assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are made. Currently, there is no provision in the law to permit the Village to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, which was adopted by the Village during the year ended May 31, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation.

Annual required contribution (ARC)	$ 1,428,323
Interest on net OPEB obligation	73,852
Adjustment to ARC	(106,541)
Annual OPEB cost (expense)	1,395,634
Contributions made	(307,700)
Increase in net OPEB obligation	1,087,934
Net OPEB obligation - beginning of year	1,741,651
Net OPEB obligation - end of year	$ 2,829,585

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, 2012 and the preceding year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
May 31, 2012	$ 1,395,634	22.05%	$ 2,829,585
May 31, 2011	1,235,737	32.29%	1,741,651
May 31, 2010	1,270,184	28.76%	904,924

D. Funded Status and Funding Progress

The Village's initial actuarial valuation was dated June 1, 2009. As of May 31, 2012, the most recent interim valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $13,317,875 and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $13,317,875. The covered payroll (annual payroll of active employees covered by the plan) was $5,832,026, and the ratio of the UAAL to the covered payroll was 228%.

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

E. Actuarial Methods and Assumptions

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

In the June 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 10.0% - 5.0% initially, reduced by decrements to an ultimate rate of 5.0% after 10 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at May 31, 2012, was 27 years.

13. RISK MANAGEMENT

General Information

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

14. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

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

B. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. These claims are paid in future installments as allowed by state law and in accordance with settlement agreements, and will be included in a future operating budget or budgets and may be financed through the issuance of long-term debt. It is not possible to estimate the amount of additional refunds, if any, that the Village may be required to make for taxes collected through May 31, 2012, which could affect future operating budgets of the Village.

C. Grants

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

15. RESTRICTED FUND BALANCE – APPROPRIATED RESERVE

The amount of $582,587 in the general fund's fund balance restricted for unspent bond proceeds has been appropriated for debt service expenditures for the year ending May 31, 2013.

16. ASSIGNED FUND BALANCE

A. Assigned: Appropriated

The amount of $1,090,760 has been appropriated to reduce taxes for the year ending May 31, 2013.

B. Assigned: Unappropriated

All encumbrances are classified as either restricted or assigned fund balance. At May 31, 2012, the Village has the following outstanding encumbrances included in assigned fund balance:

General Fund		
Maintenance equipment	$	14,190
Public works equipment		11,650
Various supplies and contractual		6,330
	$	32,170
Golf Fund		
Supplies and maintenance contracts	$	7,789

17. SUBSEQUENT EVENTS

A. On June 8, 2012, the Village issued bond anticipation notes in the amount of $798,984 to redeem part of the BAN that matured on June 8, 2012. The BANs mature on June 7, 2013 with interest at 0.99%.

On October 19, 2012, the Village issued a bond anticipation note in the amount of $356,231 to redeem part of the BANs that matured on October 19, 2012. The BAN matures on October 18, 2013 with interest at 0.69%.

On December 6, 2012, the Village issued a bond anticipation note in the amount of $1,214,942 to redeem part of the BAN that matured on December 6, 2012. The BAN matures on June 6, 2013 with interest at 0.57%.

B. Subsequent to year end, the Village sustained damage as a result of Hurricane Sandy. The estimated cost of the damage to date is approximately $350,000. The Village intends to submit claims to the Federal Emergency Management Agency for all reimbursable costs. The Village also expects to receive insurance proceeds for covered damages in relation to the storm.

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2012

	Original Budget	Revised Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real Property Taxes	$ 9,378,307	$ 9,378,307	$ 9,381,538	$ 3,231
Other Real Property Tax Items				
Other payments in lieu of taxes	325,000	325,000	405,796	80,796
Interest and penalties on real property taxes	15,000	15,000	22,256	7,256
Total Other Real Property Tax Items	340,000	340,000	428,052	88,052
Non-Property Tax Items				
Utilities gross receipts tax	115,000	115,000	169,590	54,590
Franchise fees	15,000	15,000	29,151	14,151
Total Non-Property Tax Items	130,000	130,000	198,741	68,741
Departmental Income				
Tax advertising	100	100	25	(75)
Clerk fees	200	200	1,376	1,176
Police fees	50	50	957	907
Safety inspection fees	110,000	110,000	275,576	165,576
Park and recreational charges	78,000	78,000	99,837	21,837
Special recreational facilities	114,881	114,881	163,920	49,039
Zoning board fees	2,000	2,000	6,192	4,192
Planning board fees	2,115	2,115	20,250	18,135
Total Departmental Income	307,346	307,346	568,133	260,787
Use of Money and Property				
Interest and earnings	21,000	21,000	25,387	4,387
Rental of real property	15,000	15,000	17,650	2,650
Commissions			419	419
Total Use of Money and Property	36,000	36,000	43,456	7,456
Licenses and Permits				
Business and occupational licenses	1,100	1,100	8,619	7,519
Permits	5,000	5,000	21,911	16,911
Total Licenses and Permits	6,100	6,100	30,530	24,430
Fines and Forfeitures				
Fines and forfeited bail	75,000	75,000	264,795	189,795
Forfeiture of deposit	50	50	-	(50)
Total Fines and Forfeitures	75,050	75,050	264,795	189,745
Sale of Property and Compensation for Loss				
Minor sales			4,500	4,500
Insurance recoveries	500	500	133,817	133,317
Total Sale of Property and Compensation for Loss	500	500	138,317	137,817
Miscellaneous				
Refund of prior year's expenditures			1,193	1,193
Other unclassified revenue	100	100	149	49
Total Miscellaneous	100	100	1,342	1,242
State Aid				
Revenue sharing			21,566	21,566
Mortgage tax	75,000	75,000	156,826	81,826
Consolidated highway aid - "CHIPS"	20,000	20,000	59,676	39,676
Emergency disaster assistance			14,981	14,981
State aid other			38,407	38,407
Total State Aid	95,000	95,000	291,456	196,456
Federal Aid	-		461,891	461,891
Total Revenues	10,368,403	10,368,403	11,808,251	1,439,848
OTHER SOURCES				
Debt issuance			631,013	631,013
Operating transfers in	100,000	100,000	100,000	-
Total Revenues and Other Sources	10,468,403	10,468,403	12,539,264	2,070,861

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2012

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General Support					
Legislative board					
Personal services	$ 10,800	$ 10,802	$ 10,802	$	$ -
Contractual services	1,000	1,804	1,804		-
Village court					
Personal services	39,325	38,513	33,933		4,580
Equipment	3,000	1,466	950		516
Contractual services	24,150	22,628	21,143	60	1,425
Mayor					
Personal services	3,600	3,601	3,601		-
Contractual services	1,500	2,319	2,319		-
Auditor					
Contractual services	26,000	26,000	23,490		2,510
Finance					
Personal services	469,521	472,684	472,684		-
Equipment	2,000	2,000	1,527		473
Contractual services	66,800	71,443	58,095	7	13,341
Assessment					
Contractual services	24,500	24,800	24,800		-
Tax advertising					
Contractual services	300	300	189		111
Law					
Personal services	18,000	18,000	18,000		-
Contractual services	93,000	63,337	71,214		(7,877)
Engineering					
Contractual services	10,000	15,950	9,470		6,480
Elections					
Contractual services	650	650	391		259
Records management					
Contractual services	2,000	18,234	18,234		-
Operation of buildings					
Personal services	105,414	105,414	100,195		5,219
Equipment	10,000	21,860	8,470	13,390	-
Contractual services	498,500	565,966	898,650	1,057	(333,741)
Central communications					
Contractual services	15,000	15,000	10,297		4,703
Central printing					
Contractual services	18,000	18,000	11,503		6,497
Unallocated insurance					
Contractual services	139,000	138,447	124,412		14,035
Municipal association dues					
Contractual services	5,000	5,553	4,064		1,489
Judgments and claims					
Contractual services	150,000	150,000	42,201		107,799
MTA tax					
Contractual services	18,000	18,000	16,657		1,343
Contingent account					
Contractual services	135,294	135,294	-		135,294
Total General Support	1,890,354	1,968,065	1,989,095	14,514	(35,544)

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2012

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Public Safety					
Police					
Personal services	$ 3,414,828	$ 3,462,136	$ 3,458,378	$	$ 3,758
Equipment	30,000	24,908	20,099		4,809
Contractual services	533,500	574,097	576,539	811	(3,253)
Safety inspections					
Equipment	1,000	1,000	950		50
Contractual services	57,000	57,000	49,663		7,337
Other public safety					
Contractual services	5,000	12,346	12,346		-
Total Public Safety	4,041,328	4,131,487	4,117,975	811	12,701
Transportation					
Street administration					
Personal services	95,000	95,731	95,731		-
Contractual services	3,000	3,000	1,059		1,941
Street maintenance					
Personal services	465,613	467,113	457,478		9,635
Equipment	20,000	23,923	12,273	11,650	-
Contractual services	157,330	144,041	124,376	195	19,470
Permanent improvement highway					
Equipment	-	-	59,034		(59,034)
Snow removal					
Personal services	20,000	3,600	3,510		90
Contractual services	12,000	3,000	2,295		705
Street lighting					
Contractual services	16,000	16,000	14,861		1,139
Total Transportation	788,943	756,408	770,617	11,845	(26,054)
Culture and Recreation					
Parks					
Personal services	257,000	257,000	218,617		38,383
Equipment	10,000	10,933	10,933		-
Contractual services	98,200	117,358	105,083	5,000	7,275
Historian					
Contractual services	100	138	138		-
Celebrations					
Contractual services	1,800	4,300	4,200		100
Other cultural					
Contractual services	2,000	2,000	1,950		50
Total Culture and Recreation	369,100	391,729	340,921	5,000	45,808

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2012

	Original Budget	Revised Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Home and Community Services					
Zoning board of appeals					
Contractual services	$ 1,500	$ 1,500	$ 1,675	$	$ (175)
Planning board					
Contractual services	5,000	5,000	2,381		2,619
Refuse collection and disposal					
Contractual services	300,000	300,000	290,626		9,374
Miscellaneous					
Contractual services	2,500	2,500	76		2,424
Total Home and Community Services	309,000	309,000	294,758	-	14,242
Employee Benefits					
State retirement	907,868	781,191	886,240		(105,049)
Social security and Medicare	396,030	395,960	307,010		88,950
Workers' compensation	150,000	150,000	147,037		2,963
Unemployment	4,500	7,313	7,849		(536)
Disability	3,500	3,500	2,249		1,251
Hospital and medical insurance	1,159,976	1,159,976	1,016,861		143,115
Total Employee Benefits	2,621,874	2,497,940	2,367,246	-	130,694
Debt Service					
Principal	1,815,242	1,815,242	1,770,960		44,282
Interest	632,562	632,562	628,740		3,822
Total Debt Service	2,447,804	2,447,804	2,399,700	-	48,104
Total Expenditures	12,468,403	12,502,433	12,280,312	$ 32,170	$ 189,951
Net Change in Fund Balance	(2,000,000)	(2,034,030)	258,952		
Fund Balance - Beginning of Year	2,000,000	2,034,030	3,209,450		
Fund Balance - End of Year	$ -	$ -	$ 3,468,402		

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Funding Progress for Other Postemployment Benefits (OPEB)
May 31, 2012

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrual Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 1, 2009	$ -	$ 11,906,708	$ 11,906,708	0%	$ 5,510,483	216%
May 31, 2011 (interim update)	-	12,599,334	12,599,334	0%	5,476,112	230%
May 31, 2012 (interim update)	-	13,317,875	13,317,875	0%	5,832,026	228%

See Paragraph on Supplemental Schedules Included in Auditor's Report

INCORPORATED VILLAGE OF LAKE SUCCESS
Schedule of Project Expenditures -
Capital Projects Fund
For the Year Ended May 31, 2012

	Budget May 31, 2011	Budget May 31, 2012	Expenditures Prior Years	Current Year	Total	Budget Balance	Less: Unrealized Funding Outstanding BANs	Unissued Debt	Interfund Transfer of Remaining Balance	Unexpended Fund Balance
PROJECT TITLE										
Golf Course Drainage	$ 2,169,251	$ 2,169,251	$ 2,168,766	$	$ 2,168,766	$ 485	$	$	$	$ 485
Sewer System Improvements	3,000,000	3,000,000	2,804,615		2,804,615	195,385				195,385
Golf Course Improvements	210,000	210,000	213,381		213,381	(3,381)				(3,381)
Pool Reconstruction	3,651,868	3,351,868	3,351,868		3,351,868	-				-
Tennis Court Improvements	14,000	14,000				14,000				14,000
Purchase of Police Vehicles	60,000	60,000	60,426		60,426	(426)				(426)
Golf Equipment/Pump Replacement	250,000	250,000	204,042		204,042	45,958	50,000			(4,042)
Golf Pro Shop	15,000	15,000	7,162		7,162	7,838				7,838
Police Vehicles	32,000	32,000	33,886		33,886	(1,886)				(1,886)
Wheel Loader	47,500	47,500	46,280		46,280	1,220				1,220
Wheel Loader	47,500	47,500	46,280		46,280	1,220				1,220
Tennis Court Improvements	70,000	70,000	58,250		58,250	11,750				11,750
Golf Tees and Bunkers	75,000	75,000	75,037		75,037	(37)	15,000			(15,037)
Roadway Reconstruction & Construction	1,348,809	1,348,809	1,242,916		1,242,916	105,893		90,040		15,853
Golf Activities Building	2,065,000	2,065,000	2,021,059		2,021,059	43,941		225,000		(181,059)
DPW Truck #1	45,922	45,922	45,922		45,922		23,500			(23,500)
DPW Vehicle	50,000	50,000	46,228		46,228	3,772	16,666			(12,894)
Golf Equipment	75,000	75,000	74,905		74,905	95	30,000			(29,905)
Golf Improvements	175,000	175,000	175,000		175,000		70,000			(70,000)
Golf Irrigation	81,000	81,000	80,426		80,426	574	48,600			(48,026)
Sewer System/Manhole Rehabilitation	2,000,000	2,000,000	387,243		387,243	1,612,757	200,000	1,500,000		(87,243)
Police Vehicles	66,000	66,000	66,000		66,000		22,000			(22,000)
Tennis Court Resurfacing	75,000	75,000	68,000		68,000	7,000	45,000			(38,000)
Golf Dump Truck	40,000	40,000	31,333		31,333	8,667	13,333			(4,666)
Golf Sprayer	35,000	35,000	31,845		31,845	3,155	11,667			(8,512)
Golf 8th Tee Improvements	55,000	55,000	44,480		44,480	10,520	33,000			(22,480)
Police Vehicles	210,000	170,000	63,177		63,177	106,823	8,333	145,000		(46,510)
Golf 12th Hole Bunker	68,000	68,000	68,000		68,000		54,400			(54,400)
Police Vehicles		40,000				40,000	40,000			-
Police Vehicles		40,000		37,892	37,892	2,108	40,000			(37,892)
Fairway Mower		45,000		43,724	43,724	1,276	45,000			(43,724)
Road Requirements		3,000,000		3,157	3,157	2,996,843	75,000	2,925,000		(3,157)
	$ 16,031,850	$ 18,816,850	$ 13,516,527	$ 84,773	$ 13,601,300	$ 5,215,550	$ 841,499	$ 4,885,040	$ -	$ (510,989)

See Paragraph on Supplemental Schedules Included in Auditor's Report

FORM OF BOND COUNSEL'S OPINION

June 8, 2013

Village of Lake Success
County of Nassau
State of New York

Re: Village of Lake Success, Nassau County, New York
$560,000 Public Improvement Refunding (Serial) Bonds, 2013 Series A (Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $560,000 Public Improvement Refunding (Serial) Bonds, 2013 (the "Obligations"), of the Village of Lake Success, Nassau County, New York (the "Obligor"), dated August 8, 2013, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of one per centum (1.00%) per annum as to bonds maturing in each of the years 2013 to 2015, both inclusive, at the rate of two per centum (2.00%) per annum as to bonds maturing in each of the years 2016 to 2017, both inclusive, at the rate of two and twenty-five hundredths per centum (2.25%) per annum as to bonds maturing in year 2018, and at the rate of three per centum (3.00%) per annum as to bonds maturing in each of the years 2019 to 2020, both inclusive, payable on December 1, 2013 and semi-annually thereafter on June 1 and December 1, and maturing in the amount of $5,000 on December 1, 2013, $80,000 on December 1, 2014, $75,000 on December 1, 2015, $75,000 on December 1, 2016, $80,000 on December 1, 2017, $80,000 on December 1, 2018, $80,000 on December 1, 2019, and $85,000 on December 1, 2020.

The Bonds are not subject to redemption prior to maturity.

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

In our opinion:

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

(b) Interest on the Obligations is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations.

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

APPENDIX - E

FORM OF BOND COUNSEL'S OPINION

June 8, 2013

Village of Lake Success
County of Nassau
State of New York

Re: Village of Lake Success, Nassau County, New York
$3,810,000 Public Improvement Refunding (Serial) Bonds, 2013

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $3,180,000 Public Improvement Refunding (Serial) Bonds, 2013 (the "Obligations"), of the Village of Lake Success, Nassau County, New York (the "Obligor"), dated August 8, 2013, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of two per centum (2.00%) per annum as to bonds maturing in each of the years 2014 to 2019, both inclusive, at the rate of two and twenty-five hundreths per centum (2.25%) per annum as to bonds maturing in year 2020, at the rate of two and fifty hundredths per centum (2.50%) per annum as to bonds maturing in year 2021, at the rate of two and seventy-five hundredths per centum (2.75%) per annum as to bonds maturing in year 2022, and at the rate of three per centum (3.00%) per annum as to bonds maturing in each of the years 2023 to 2024, both inclusive, payable on January 15, 2014, July 15, 2014 and semi-annually thereafter on January 15 and July 15, and maturing in the amount of $10,000 on January 15, 2014, $220,000 on July 15, 2014, $400,000 on July 15, 2015, $410,000 on July 15, 2016, $420,000 on July 15, 2017, $425,000 on July 15, 2018, $440,000 on July 15, 2019, $450,000 on July 15, 2020, $250,000 on July 15, 2021, $255,000 on July 15, 2022, $260,000 on July 15, 2023, and $270,000 on July 15, 2024.

The Bonds are not subject to redemption prior to maturity.

We have examined:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP